Daily Report

East Europe

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FBIS-EEU-94-245 *21 December 1994*

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Serreqi Resumes Work After Cancer Treatment

AU2112094094 Tirana TVSH Television Network in Albanian 1735 GMT 19 Dec 94

[FBIS Translated Text] A Foreign Ministry report for Albanian television states that Foreign Minister Alfred Serreqi returned to work today and attended a routine meeting of the advisory board of the Foreign Affairs ministry.

Serreqi is returning to his office following an absence of more than two months. The minister headed the Albanian delegation in the general debate of the 49th session of the UN General Assembly. He was later treated in New York for cancer of the larynx. After the necessary treatment, which tests indicate was successful, the minister Serreqi is returning to work fully recovered.

EU Ambassador Holds News Conference on Aid

AU2112123194 Tirana TVSH Television Network in Albanian 1900 GMT 14 Dec 94

[FBIS Translated Text] Elio Germano, the European Union [EU] ambassador in Tirana, gave a news conference today in which he discussed the amount of EU activity in Albania during 1994. The following is a report by Armir Shkurti.

[Shkurti] The EU is ranked first on the list of investors for Albania. In 1994, Albania has gained 64 million ECU from the EU, over one-third directly for the continuation of the reforms.

Commenting on figures, Elio Germano says results will become visible after reform bears fruit in Albania. The axis of assistance is the PHARE [Economic Reconstruction Aid for Poland and Hungary] program. The EU aims to ease social factors. With the assistance of the IMF, for instance, the EU has supported the increase of wages in the country with 15 million ECU.

Germano even notes that thanks to EU intervention, Albanians have managed to drink their own beer and wash clothes with Albanian detergents.

Ambassador Germano gave assurances that the EC has a good political will to assist Albania and the aid is aimed at establishing a law-governed state and a market economy.

Germano gave no figures for next year but implied that cooperation will continue longer, when he mentioned projects under discussion that would span many years. Germano said: The long-term perspective gives breathing space and allows an efficient use of aid.

For the future, Germano mentioned a cooperation program involving Greece, Italy, and Albania, as neighboring countries, and the opening of an information center in Tirana, for Albanians to get to know what is happening within the EU.

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Final Election Results; DAR Out of Parliament

AU2112112294 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 21 Dec 94

[FBIS Translated Text] Our correspondent Zlatina Georgieva reports from the Central Electoral Commission.

[Georgieva] The processing of the election returns received from the local electoral commissions has ended. Mrs. Ralitsa Negentsova, spokesman for the Central Electoral Commission, will impart the election results on the basis of 100 percent of the returns.

[Negentsova] Good day. This is the data based on processing 100 percent of the election returns: Some 5,263,418 voters participated in the elections. This is 75 percent of the total number of voters. The number of valid ballots is 5,201,820.

The distribution of the votes is as follows:

Union of Democratic Forces [SDS]	1,260,179 votes	24.23 percent
People's Union—Bulgarian National Agrarian Union [BZNS]-Democratic Party	338,268 votes	6.50 percent.
Rights and Freedoms Movement [DPS]	282,810 votes	5.44 percent
Bulgarian Business Bloc [BBB]	245,648 votes	4.72 percent
Bulgarian Socialist Party [BSP]-Aleksandur Stamboliyski BZNS-Ecoglasnost Political Club Coalition	2,262,667 votes	43.50 percent

[Georgieva] It appears that Democratic Alternative for the Republic [DAR] has crossed the 4 percent barrier.

[Negentsova] No. DAR has received 179,034 votes—3.79 percent. In addition, all independent candidates have received a total of 12,558 votes—0.24 percent.

BSP Leader on Future Tasks, Balkan Relations

AU2012215994 Bucharest Radio Romania Network in Romanian 2000 GMT 20 Dec 94

["Exclusive" interview with Zhan Videnov, leader of the Bulgarian Socialist Partyby Bucharest radio correspondent Simona Botar in Sofia on 20 December—recorded]

[FBIS Translated Text] [Botar] It is already known that you have won an absolute majority in the early elections. Do you intend to set up a coalition government, as you said during the election campaign?

[Videnov] Yes, we consider that the problems pertaining to the crisis situation and the difficulties of transition are so great that it takes maximum concord, and as large as possible a parliamentary majority, and a government protected against concentrated attacks to solve them. To this end, we will make proposals for a coalition government to all the forces represented in parliament, as well as to some of the principal non-parliamentary forces. However, judging from preliminary declarations, we expect that most of them will refuse. Nevertheless, I believe that we will still manage to achieve a constructive formula with some of the smaller parliamentary forces and a number of non-parliamentary ones. Anyway, the absolute majority in parliament offers us, the Bulgarian Socialist Party [BSP]—as well as the left-wing agrarians and the left-wing ecologists, who have set up an electoral coalition—the possibility of directly and decisively participating in the running of the country; and thus the fundamental purpose of the early elections will be achieved, thanks to the electors. We will carry out our mandate under any circumstances, regardless of the stances that the other political partners may adopt.

[Botar] What will be the first steps to be taken by the new government?

[Videnov] In the period preceding the elections, we pledged to accomplish three things: a rapid change in the economy, justice for the people in these difficult times they are experiencing, and stable state structures. This seems to be needed most by the Bulgarian electorate. To this end, we will wage war against crime; set up a healthy, incorruptible, and inexpensive administration; and conduct a dignified foreign policy. At the same time, we will concentrate all our attention on reviving production, cutting unemployment, broadening investments, protecting Bulgarian markets both at home and abroad, and, of course, restructuring industry by means of social privatization mechanisms. We intend to maintain those social benefits which the people do not want to give up despite the new circumstances, in these difficult moments of the crisis generated by transition. I mean free health care, free education, and the possibility for the poor to obtain living quarters.

The top priority issues for the future people's assembly are the 1995 budget—a very difficult issue, as the country has plunged into a profound financial crisis; finishing the agricultural reform; granting—as much as possible—financial support for young landowners who are already the real owners of their lands and other assets; large-scale privatization, which could begin by the second half or the end of 1995; and, of course, beginning reform in the social sphere: separating social and state funds. All these are issues difficult to achieve during a single parliamentary mandate.

[Botar] How do you assess your future cooperation with Romania, the Romanian Government, and Romanian political forces?

[Videnov] We promised to give a European orientation to our country and we supported all genuine efforts aimed at integrating us into Europe. We consider that all

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Balkan countries, including Bulgaria and Romania, can play an important role in this process, by maintaining balanced and good-neighborly relations over a longer period of time, thereby reviving the general Balkan process that was polluted at the end of the eighties and especially after the outbreak of the conflict in the former Yugoslavia.

We see no problems between Bulgaria and Romania—or between Bulgaria and its other neighbor countries—that cannot be solved. The relations between our countries are traditionally very good and the friendship between our peoples is a solid foundation for our immediate cooperation in furthering relations and making a fresh beginning under the new circumstances. I believe that there are many spheres in which we will cooperate; therefore, I would like to voice to Romanian listeners my belief that the political changes that have taken place in Bulgaria as a result of the early elections can influence our bilateral relations only in the most positive sense.

[Botar] Is there any question I did not ask, although I should have?

[Videnov] Yes, I would like to reiterate the conviction of our party, of our parliamentary partners [words indistinct], and of the entire Bulgarian nation that we Balkan nations are European nations appreciated throughout Europe precisely because of the outstanding relations among us. Therefore I believe that, in the future, we will continue to serve the great all-Balkan cause.

BSP Chairman Videnov Dicusses Policy Plans

LD2012224494 Budapest Kossuth Radio Network in Hungarian 2100 GMT 20 Dec 94

[FBIS Translated Text] Zhan Videnov, chairman of the Bulgarian Socialist Party [BSP] and candidate to prime minister of Bulgaria, today gave an interview to Gabor Nemes, Hungarian radio's correspondent.

[Nemes] Zhan Videnov, leader of the BSP—winner of the elections—and future prime minister of Bulgaria, told Hungarian radio and MTI correspondents in Sofia today: With respect to the serious crisis, we are trying to obtain the widest possible parliamentary majority; therefore, we are proposing a coalition to all parliamentary parties. Videnov immediately added, however, that he was aware of the fact that the majority of the parliamentary parties have rejected this option.

Videnov said the Socialists will manage the difficult transition far better than governments have done so far. Nobody questioned the final aim: Democracy, a social [as heard] and constitutional state, a mixed market economy, a parliamentary system on a European level that is based on a multiparty system and guarantees human rights—the Socialist leader said. He added that the most important task of next year's budget was to avoid financial catastrophe, the collapse of the banking system, and hyperinflation. Mass privatization could be started at the beginning of next year. As far as the land is concerned, the process in which those who are actually able to cultivate it receive the privatized land has to be started immediately.

In answer to the question whether the fight against inflation is the most important task, Videnov said the following:

[Begin Videnov recording, in Bulgarian, fading to correspondent's Hungarian translation] The fight against inflation is very important, but it should not be an end in itself. We want to boost investment. We want to encourage Bulgarian and foreign investors. This, of course, carries the danger of inflation. But we are experienced enough to prevent hyperinflation. Next year we will seek new solutions and the change in the economic structure will be a suitable means for this, Videnov said.

[Nemes] Answering a question, the Socialist leader said that they would try to develop trade with their traditional eastern partners—a field that has been neglected so far—without ideological prejudices.

On his recent visit to Moscow, he had talks about various promising solutions. As far as the West is concerned, Videnov said the following:

[Begin Videnov recording, in Bulgarian, fading into Hungarian translation] We resolutely support Bulgaria's integration into the united Europe. As far as our relations with NATO are concerned, we already supported the Partnership for Peace initiative. We consider the NATO's expansion a favorable process too. It also needs support.

There is, however, an important factor: Russia, Ukraine, and Belarus should not set themselves against this initiative because then it would be unsuccessful. Diplomatic efforts are needed for favorable results, said Videnov.

People's Union Leaders Regret BSP Victory

AU2012180594 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 20 Dec 94

[FBIS Translated Text] Anastasiya Mozer of the BZNS [Bulgarian National Agrarian Union] and Stefan Savov of the Democratic Party, co-chairmen of the People's Union, today gave their first news conference on the election results. They expressed their satisfaction with the entry of their orange [traditional color of agrarian parties] coalition into the 37th National Assembly but voiced their regret at the crushing victory of the BSP [Bulgarian Socialist Party] over the SDS [Union of Democratic Forces].

The two leaders declared that the reports alleging that the People's Union was holding consultations with the BSP are not true. The People's Union will itself initiate political talks with its future parliamentary partners—they said—but in Stefan Savov's opinion, the normal rhythm of Bulgarian political life is unlikely to be restored before next February.

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Videnov Assesses Foreign Policy Impact of Visits

AU2112084394 Sofia DUMA in Bulgarian 10 Dec 94 p 7

[Interview with Zhan Videnov, chairman of the Bulgarian Socialist Party Supreme Council, by Dora Chichkova; place and date not given: "BSP Victory Will Increase Chance of External Support"]

[FBIS Translated Excerpt] [Chichkova] What importance do you attribute to the series of international visits you made on the eve of the legislative elections? Did you hope the results of the visits would influence the voters?

[Videnov] Naturally, the preelection effect was a part of our plans. As far as I could judge, this effect had also been calculated by our foreign partners. However, in our intensive international contacts, we mainly sought the postelection effect. We wanted to assess the existing possibilities of giving our relations with Bulgaria's traditional and new partners in Europe an impetus.

The visits to Greece, Russia, Germany, and Belgium showed that there are serious reasons to hope to achieve external help for Bulgaria's efforts to overcome the crisis and improve the method of implementing the transition. This is what gave the visits their importance. A positive development of our relations with those states is of extraordinary importance for our ambitious investment program; for restructuring our industry through social privatization, attaching a tolerable social price to the transition, and guaranteeing our national security.

[Chichkova] The BBC noted that the level of your meetings corresponded to the range of a future prime minister. Did our diplomats in the relevant states cooperate in facilitating your visit?

[Videnov] The level of my meetings corresponded to the increasing interest in Bulgaria and its political life. For both our traditional partners in the East and new partners in the West, three factors are the most important:

First, Bulgaria needs political stability. I do not mean just any stability, but one based on a broad public consensus; a stable legislative majority; and a strong, politically responsible, competent government. There is a good chance that the 18 December elections would produce such a government. The anticipated victory of the Socialists does not decrease this chance but, on the contrary, increases it. This is the opinions of our friends and opponents alike.

Second, Bulgaria's natural place at the end of the 20th century is in a united, peaceful, and prosperous Europe—not as a poor relative, a second league team, or an abstract entity, reshaped on the basis of anyone's whim, but as a stabilizing factor in the Balkans, a known and valued partner, and a prospective participant in the all-European processes.

Third, Bulgaria needs rapid, decisive, and large-scale actions within the framework of a clear, consistent, and predictable policy of reforms. Foreign assistance for such reforms is fully possible, despite the risky region in which we live and the ideological prejudices that have accumulated. All that is needed are specific results of our future political enterprises and governmental activity.,

Our ambassadors in the aforementioned states assessed on merit that such a position of our foreign partners reveals good prospects for Bulgaria. Therefore, it was only natural for them to cooperate in successfully facilitating our contacts. The ambassadors to Russia and Greece did this in an especially active manner. [passage omitted]

[Chichkova] Is there a chance of restoring our Eastern markets? The basic counterargument of the Union of Democratic Forces [SDS] is that wherever there was Communism, there can be no market because everything has disintegrated.

[Videnov] SDS policy toward the CIS nation, and especially Russia, is full of contradictions and absurdities. Had this policy not been so harmful for Bulgaria and its relations with traditional partners in the East, I would have completely ignored this subject.

Russia is a boundless market. All leading companies are interested in this market, and the competition is cruel. There is still a place for Bulgarian goods. Russian consumers are familiar with those goods and Russian businessmen prefer them. The Russian Government actively cooperates in this respect. However, only Berov's cabinet made any efforts in this direction from the Bulgarian side. Filip Dimitrov used to deliberately destroy bilateral relations. Reneta Indzhova is again blocking those relations. The Socialist ministers in the future cabinet will radically change things in this area. In Russia they believe in this, and rely on us. Naturally, it is impossible to separate economic and political relations. Conflicts with Russia on important international issues imposed by President Zhelev on Bulgaria's foreign policy, circumventing parliament and utilizing his "pocket cabinet," hinder bilateral relations. Those relations are vitally important for Bulgaria in many crucial branches—mining, metallurgy, power supply, heavy chemical industry, and military production. I am convinced that many Bulgarians will vote in favor of Bulgarian-Russian friendship. [passage omitted]

Positive Prospects for Cooperation With Ukraine

AU2112084294 Sofia DUMA in Bulgarian 12 Dec 94 p 4

[Commentary by Ivanka Khlebarova: "Active Character of Bulgarian-Ukrainian Relations Guarantees Success"]

[FBIS Translated Text] The 11 intergovernmental and interdepartmental agreements signed during the visit of President Zhelyu Zhelev to Ukraine filled with real contents the Bulgarian-Ukrainian Friendship and Cooperation Treaty, which became binding only in March

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1994, following its ratification. The treaty provided Bulgaria and Ukraine with a legal basis for developing existing relations.

Relying on the traditionally good economic relations in the past, the two countries, which are in the midst of the difficult transition toward a market economy, are now seeking new forms of cooperation that correspond to modern requirements. Experts exchanged opinions in Kiev on the establishment of shareholding associations with companies in the two countries. Thus, the project of constructing a new gas pipeline through Ukraine could be implemented. This is something that could guarantee the normal supply of gas. This idea becomes ever more topical, especially when one takes into consideration the fact that our contract to use the Yamburg gas pipeline expires in two years and therefore new solutions must be sought to the problem of our country's power supply sources.

At their meeting with President Zhelev, many economic leaders of Bulgarian and Ukrainian enterprises in the Odessa region pointed out that as a partner, Ukraine provides excellent opportunities. They clearly understand the opportunities for joint enterprises that could emerge with the construction of the Odessa economic zone. Bulgarian companies with consolidated prestige in Ukraine—such as "Metal Constructions" and many others, have capacities, which could be transferred closer to Ukraine's raw materials. Our "Interstroy" Construction Company is interested in prestige projects such as the oil terminal near Odessa. In this enterprise we rely on the good name of the Bulgarian builders.

The implementation of many joint projects could become reality if the businessmen demonstrate initiative, ambition, and elan. Both Bulgaria and Ukraine already have the most general legal agreements on which the state, private, and mixed companies could rely. Certain obstacles that until now hindered the development of economic relations could be eliminated by signing the agreement on mutually protecting investments, as well as by the upcoming completion of the work on another crucial agreement· the agreement on avoiding double taxation. Then the last bureaucratic barriers will fall.

The formula of our success must include intensified activity at the state, government, and branch levels. Our orientation toward our traditional partner—Ukraine—must be combined with the ambition to successfully cope with the already existing competition. The Bulgarians living in Ukraine are an especially favorable factor that should actively participate in the economic life of their second motherland. Among them there are politicians, deputies, specialists, and businessmen prepared to do anything to develop relations with Bulgaria. Precisely, a large part of them live in Odessa oblast. They have their own ideas about the future development of the region they live in.

The visit of the Bulgarian delegation led by President Zhelev to Ukraine, the talks it conducted, and the documents it signed will serve as the foundation for developing the initiative and activity of Bulgarian business circles.

President Appoints, Dismisses Military Officers

AU2012184394 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 20 Dec 94

[FBIS Translated Text] President Zhelyu Zhelev today issued a decree appointing Colonel Stoyno Ivanov Petkov commander of the Interior Ministry Troops. Other decrees signed by the president released from active military service Major Generals Dimitur Kostov Velchev and Georgi Vasilev Velev.

Carter Seen as Misreading Karadzic Motivations

AU2112093394 Sofia KONTINENT in Bulgarian 17-18 Dec 94 p 6

[Commentary by Plamen Kulinski: "Risky Partnership"]

[FBIS Translated Text] The first fruits of Karadzic's peace plan did not leave any doubts in Carter, so he accepted Karadzic's proposal to become his partner. However, the former U.S president's mission could hardly be compared to his previous missions to Pyongyang and Port-au-Prince. The new partnership could turn out to be not so fruitful, since Karadzic has become the record-holder for broken promises during the war.

The assumption that Karadzic's intention is to establish contact with Washington in order to break out of isolation and achieve de facto recognition of the Serbian Republic [in Bosnia-Herzegovina] does not appear to be well-founded. The former psychiatrist is hardly so naive as to believe that Carter will arrive in Bosnia with prerogatives given to him by the White House, despite the fact that he might come in an airplane provided by the Pentagon and with the blessing of the State Department.

Indeed, there is nothing perturbing in the six points of Karadzic's plan. However, there is also nothing new. The goal appears to be to leave the Blue Helmets in Bosnia and thus consolidate the Serbian conquests, something that appears impossible without the presence of the Blue Helmets, because if they depart, the Muslims will suddenly receive help from all sides.

Karadzic is most probably aiming to burr the Contact Group's plan by beginning a process of endless negotiations. This is so because the Contact Group's plan stresses that Bosnia should remain a united state, something that does not exactly correspond to Karadzic's plans. He could benefit from Carter's inclination toward compromises and mutual concessions.

Radiation Sources in Velingrad Causing Concern

AU2112113594 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 21 Dec 94

[FBIS Translated Text] Research conducted by Military-Medical Academy experts has shown that in Velingrad,

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two sources of radiation have been threatening the health of local citizens for dozens of years. The research was conducted at the request of Velingrad mayor Vlado Stoychev.

The smaller source is near the Velingrad railroad station, where ores used to be loaded. Until today, there were remnants of the ores in the area. In any event, the radiation increase is minimal.

The situation is more alarming in the area of the former Selishte uranium mine, in the direction of the Surnite, where the radiation exceeds the allowed limit several times over.

A proposal has been made to the Environment and Health ministries to urgently finance a program to rehabilitate [rekultivirane] the Selishte mine, which was closed four years ago.

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Russian Ministry Comments on Uranium Seizure

AU2012164194 Paris AFP in English 1613 GMT 20 Dec 94

[FBIS Transcribed Text] Prague, Dec 20 (AFP)—Czech authorities on Tuesday announced that a three-kilo haul of a radioactive substance seized in the Czech Republic last week—probably coming from the ex-Soviet Union—was highly-enriched uranium 235 suitable for bomb-making.

Interior Ministry spokesman Jan Subert said first analyses carried out at a specialised laboratory at Rez, 10 kilometres (six miles) north of Prague had established that the "grey powder" found in two metal containers was 87.5 percent enriched uranium 235, worth "tens of millions of dollars." The material probably came from the ex-Soviet Union, Subert said. He added that the definitive results of the analyses would be ready by Wednesday or Thursday.

Moscow, said, however, that there was no proof that the substance had come from the former Soviet Union. "The Czech specialists that we have contacted do not claim that it is uranium from the ex-USSR. For that they would need to make a thorough analysis," Russian Atomic Ministry spokesman Georgi Kaurov said. "This nuclear material is also used for experimental reactors, which can be found all over Europe, and it cannot be used to make nuclear weapons," Kaurov said.

The Vienna-based International Atomic Energy Agency (IAEA), which oversees the nuclear industry, said earlier that it would send its own team of experts to examine and analyse the uranium after it had received formal notification from the Czechs. "We are worried every time that nuclear material is found in hands where it should not be," IAEA spokesman Hans-Friedrich Meyer said.

Czech police said on Monday that they had detained three men after the uranium was found last Wednesday in a car, packed in two cylindrical containers and accompanied by Russian certificates. It was apparently being taken to Western Europe. A senior police officer said the three men, two former Soviet citizens and a Czech nuclear physicist, had been charged with illegal possession of nuclear material. The Czech scientist had not been officially employed in the nuclear industry for several years, police said, but refused to further identify any of the three men held.

Under Czech law, the men would be liable to between eight and 15 years in prison if found guilty of transporting the nuclear material as members of an organised group.

As a signatory of the Nuclear Non-Proliferation Treaty, Prague is bound to notify any case of the illegal transit of highly-enriched nuclear material within a two-month period, Meyer said. The Agency adopted in September a resolution calling for the establishment of a group of experts charged with putting forward proposals to strengthen the combat against the illegal trade in nuclear material. Earlier this month the Agency's governing body asked its members to step up the exchange of information on the subject.

Klaus on Skoda-Volkswagen Deal; 21 Dec Strike

LD2012210194 Prague Radiozurnal Radio Network in Czech 1715 GMT 20 Dec 94

["Regular" interview with Prime Minister Vaclav Klaus by correspondent Miroslav Konvalina; place and date not given—recorded]

[FBIS Translated Excerpt] [Konvalina] Prime Minister, the addendum to the agreement between the German car manufacturer Volkswagen and the Czech Government concerning Skoda Mlada Boleslav was signed yesterday [19 December]. Does it mean that Skoda ceases to be a burden to the government and that the state will benefit from its prosperity?

[Klaus] That is something of a simplification. Our aim is of course privatization, and that privatization must not be too long in coming. In this sense I think that the government's step is a necessary one. Our starting point is of course the agreement signed by the previous Czech Government in a way on which I do not want to comment any further. We are held captive by this old agreement. To change this agreement in any radical way would in fact mean writing a new agreement, and I must admit that we did not succeed in doing this. The aim of our negotiators, who I am sure did their best, was thus to produce an addendum making changes resulting in a better agreement for our side. I think that was partly achieved.

The government discussed the issue on several occasions and, I must admit, its views were very divided. Yesterday, at around 1700 the government, which needs 10 votes to pass anything, voted by the closest margin possible in favor of signing the addendum. In order to avoid turning this into a conflict within the coalition, I must admit that this was not a division along party lines. Ministers were completely divided on this matter, regardless of their party affiliation.

[Konvalina] The planned strike by the unions, called in protest over the pension insurance bill, is likely to go ahead tomorrow. How will the government react?

[Klaus] Of course, the government will not react to it at all. I think that the employers will somehow resolve things with their employees. The government will certainly not say a single word on the matter. The government has already said quite clearly what it thinks about it. Whatever I might add would simply be the second or third repetition.

[Konvalina] Does it mean that the warning strike will not bring about any change on this issue?

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[Klaus] Issue? That is a very strong word. The government has submitted the bill and it will naturally be the subject of long debate in parliament. The strike may well influence some in parliament to toughen their position. In this respect the strike may well have an effect. However, I would rule out the possibility of the strike influencing the government. [passage omitted]

Commentary on Yeltsin's Conduct in Chechen Crisis

AU2112093694 Prague MLADA FRONTA DNES in Czech 12 Dec 94 p 6

[Commentary by Jiri Doubrava: "Impatience Has Ruptured in the Chechen Laboratory"]

[FBIS Translated Text] It cannot be said that Dzhokhar Dudayev—a former Soviet general and now Chechen president—has won a lot of support in the world. No one has recognized his republic, no one has expressed support for it, and the response to the current Russian conduct will only be lukewarm. The consequences for Russia per se will be more important.

The issue involves more than just the Chechen Republic. It was always a kind of laboratory within the Russian Federation—the issue involved whether the collapse of the Soviet Union would ignite similar processes within Russia itself. Today, the Chechen Republic is the only region of the Russian Federation that, at least verbally, is refusing to subordinate itself to the Kremlin.

Russian President Boris Yeltsin has several times been prepared to establish order in the small state on the northern slopes of the Caucasus, a state which has a population of roughly one million. In the end, he was always persuaded by his advisers to attempt a more civilized solution. Yesterday, he gave the green light to the Army.

All of this is reminiscent of the blasting of the Russian legislature, which really did not deserve benevolent treatment. It is strange that Yeltsin has not learned from this. Admittedly, the world has turned a blind eye to the fact that parliamentary disputes in Russia are resolved with the aid of tank barrels, but, in the wake of the extraordinary elections, Yeltsin now has an even worse legislature "at his disposal" than the one that was dissolved.

There are more points of contact here. The chairman of that legislature was Khasbulatov, a Chechen. Vice President Rutskoy—who, like Dudayev, is an excellent pilot, a general, and a veteran of Afghanistan—was in charge of defense.

However, the same thing that befell the Russian president with the legislature could now be repeated. The Chechens are not, to put it mildly, especially liked by the Russian population. It generally ascribes to them an inclination toward mafia practices; last century, one Russian general declared that this was a nation of "brigands." It is impossible to say that there would be no smoke without a fire. The Chechen mafia—even though some people may deliberately exaggerate its image—was famous for its particular ruthlessness.

By blasting the legislature, Boris Yeltsin placed himself in a worse situation than previously. By his assault on the Chechen Republic, he has demonstrated that weapons are his main argument in resolving political disputes. If Dudayev is to be removed, it should be done without tanks. A Chechen Republic humbled by the force of arms will represent a greater difficulty than if it were to be tolerated in this form—as previously.

Dzhokhar Dudayev is a former Soviet general; he was the commander of a squadron of strategic bombers armed with nuclear weapons. He took the oath of loyalty to his Chechen homeland on the Koran of Islam and he also offered political asylum to Erich Honecker... He will probably find it hard to arouse sympathy in the majority of the world's countries. Of course, few people will also like Yeltsin's conduct.

Political means were not applied until the end. But, Russia must not then be surprised that it arouses anxiety among its neighbors. As in the case of the blasted legislature, the question remains the same: Could this really not have been done differently?

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Kovac, Slovenia's Kucan Discuss Cooperation

AU2112082894 Bratislava NARODNA OBRODA in Slovak 16 Dec 94 pp 1,2

[Report by Peter Fridner: "Slovenia and Slovakia Are Supporting Each Other in Integrating Into European Structures"]

[FBIS Translated Excerpt] Bratislava—"We think alike," this was how Slovene President Milan Kucan summed up his impressions from his two-day visit to Slovakia at a news conference held yesterday.

During his talks, most attention was devoted to issues concerning economic cooperation, which has great prospects, because Slovenia and Slovakia have very similar economic structures. According to Kucan's host, Slovak President Michal Kovac, the two countries are interested in improving the passenger and freight routes between them, especially the route from Italy across Slovenia, Hungary, and Slovakia to Ukraine.

President Kovac spoke in greater detail about mutual cooperation in the international political sphere. Bratislava supports Ljubljana in its endeavor to separate the bilateral problems between individual European Union [EU] countries and Central European countries from the process of their admission into the EU. Although he did not say exactly what he had in mind, it is obvious that he was referring to Italy's blocking of Slovenia's affiliation to the EU until the contentious issues between these countries stemming from the years just following World War II are resolved. Slovakia is also pushing for Slovenia's participation in the Central European roundtable organized within the framework of the preparations for the conclusion of the Stability Pact (the so-called Balladur Plan) and for Slovenia's acceptance into the Central European Free Trade Zone (CEFTA). "There are also opportunities here for helping each other in the processes of integrating into European and security structures," he emphasized.

The two sides will deal with the issues raised in more detail next spring during the visit by the Slovene prime minister to Bratislava. M. Kucan used this occasion to announce that Slovenia will fulfill the promise made to former Prime Minister J. Moravcik and will soon open an embassy in Slovakia. He also announced that the Slovak president has accepted an invitation to visit his country. [passage omitted]

New Minister Stresses Foreign Policy Continuity

AU2112083094 Bratislava SMENA in Slovak 16 Dec 94 p 6

[Interview with Minister of Foreign Affairs Juraj Schenk by Igor Stupnan; place and date not given: "Slovakia's Orientation Remains Unchanged"]

[FBIS Translated Text] [Stupnan] Could you present your view of Slovak-Hungarian relations?

[Schenk] We seek cooperation with everyone. Slovak-Hungarian relations are burdened economically, politically, and also by current problems. Two drafts of the so-called basic treaty are in the works. We have received the Hungarian draft, which we will have to study very carefully. You know that the Hungarian side studied our draft for four months. We will, of course, try to be faster.

[Stupnan] Will you continue the Slovak Republic's current foreign policy line?

[Schenk] Definitely. Our position on this issue cannot be challenged. Continuity is the basic idea of our foreign policy. The foreign policy concept was laid down with the founding of the Slovak Republic. Our orientation will be toward integration into European structures. We will also cooperate with all neighboring countries. A different policy would not even be possible. We consider Slovakia a Central European country historically, politically, and economically and our policy must be oriented in this direction. At the same time, it must not be open to challenge.

[Stupnan] Although foreign policy appears to be undisputed, wherein do you see certain tensions and what do you intend to do to eliminate them?

[Schenk] It is very difficult to formulate any decisions at this moment. They are still ahead of us. We must get to know the situation very well. The history of Slovak diplomacy is very brief, unlike that of countries in which many generations of diplomats have grown up. Our situation is different. Given the three years of its existence, our ministry definitely has some problems. We know about many of them. We avail ourselves of a number of analysis, but these need to be viewed objectively. We have our own ideas on how the functioning of the Ministry of Foreign Affairs could be improved. After all, every organization can be optimized.

[Stupnan] Are you a member of the Movement for a Democratic Slovakia [HZDS]?

[Schenk] No, I am not a HZDS member. I had been proposed as an independent candidate. State Secretary at the Ministry of Foreign Affairs Engineer Sestak, too, will be independent. He had been working in the foreign service for a long time and is an experienced diplomat.

Economy Minister Outlines Ministry Strategy

LD2012182394 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1100 GMT 20 Dec 94

[FBIS Translated Excerpt] Exactly a week ago, President Michal Kovac appointed the new Slovak Government. Some of the posts were filled with brand new ministers, while the ministers who served in the previous government were appointed to other posts.

We intend to use the "Radiozurnal" lunchtime edition to introduce them and highlight their views on the development of the ministries they are heading. The

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series opens with an interview with Economy Minister Jan Ducky, who was invited to the microphone by Ivan Bielko.

[Begin recording] [Bielko] Minister, after nine months you are once again heading the Ministry of the Economy. In your view, which directions of its work should be followed and which of its activities should be terminated?

[Ducky] I think we will continue to pursue the principles of the economic policy we drafted for the year 1994. We will add to them the views we gained while in opposition, of course. [passage omitted]

[Bielko] Are there any matters you could see clearer while in opposition?

[Ducky] Perhaps I am repeating what I have already said, but the entire process governing the execution of property rights will have to be subjected to a much tougher assessment.

On the one hand, there are independent joint-stock or private companies where the property rights are executed quite strictly. [passage omitted]

Unfortunately, it cannot be said that the management of state enterprises or joint-stock companies, in which the state has a high stake, behaves in the same way. [passage omitted]

Unless these companies are denationalized and privatized, the state will have to view these matters in a much tougher manner, so that these companies will also bring a positive contribution to the creation of the state budget funds.

[Bielko] According to Professor (Sedlak), Slovakia faces two pressing tasks. One of them is to finalize the blue print of the further action of economic transformation. Do you agree with this? Or does your view differ from his?

[Ducky] One can agree with what Professor Sedlak said. [passage omitted] In my view there is the fact that, on the one hand, we regard privatization as a pillar of economic transformation. From this viewpoint we want to speed up transformation. On the other, however, from the viewpoint of factual approach and philosophy of privatization, our view differs from that held by the last government.

First point. I think that it is absolutely necessary to bring foreign capital to our country and create conditions for it, especially in the industries where we need new and modern technology and new products, for these will improve the access to advanced markets. The companies that have reached a certain efficiency standard should go into coupon privatization, so that a citizen would not get fictitious shares, but he would get real securities that can one day bring profit to him. By one day I mean the relatively near future.

[Bielko] The second point Prof. Sedlak regards as important is the drafting of a strategy of economic revival and development. The sum total of these two tasks—and there are also other tasks—is that we are totally lacking the blue print for an economic policy.

[Ducky] [Passage omitted] I do not agree with the view that the state should not interfere or that the almighty market is capable of resolving everything.

I think that the state or society are justified in interfering in these processes for this will improve the business performance.

The Movement for a Democratic Slovakia and our government have a certain concept of economic strategy. [passage omitted]

The economic strategy will include the revival of the effort aimed at giving boost to investments by applying one of the key policies. The development so far testifies that the one who fails to invest—and this is a universally valid principle—is cutting the branch on which he is sitting. And we must put an end to this. [passage omitted]

The economic strategy will include both the support for and intensification of scientific and technological development, as well as the purchases of modern technologies. [passage omitted]

[Bielko] What do you think about the continuation of the Customs Union? The reason I ask this question is that from the beginning of next year you should once again become a chairman of the Customs Union Council.

[Ducky] [Passage omitted] We want to preserve the Customs Union on the basis of mutual advantage. This will be discussed during our talks, because many differing views regarding the existence of the Customs Union have arisen over the last six months. [passage omitted] [end recording]

Duray Wants Say in Slovak-Hungarian Treaty

AU2112093594 Bratislava SME in Slovak 14 Dec 94 p 2

[Interview with Coexistence Chairman Miklos Duray by Peter Toth; place and date not given: "According to Miklos Duray, There Is a Defect in Our Politics"]

[FBIS Translated Excerpt] [Toth] Speaking at a news conference yesterday, you welcomed the opening of talks on a basic treaty between the Slovak Republic and Hungary. [passage omitted] You also said that, if you will not be given the opportunity to consult on the wording of the treaty with Slovak representatives, you will ask the Hungarian side for consultations. Do you realize that this course of action sows the seeds of internal tension?

[Duray] I believe that both Slovaks living in Hungary and Hungarians living in Slovakia should be informed

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about negotiations on the basic treaty. Even before the Slovak side submitted its draft of the treaty to Hungary, we requested that it discuss the text with us. This request was not heeded. We then approached the Hungarian side, which informed us about the wording of its draft of the treaty. We will demand also in the future that the Slovak side keep us informed about the course of the negotiations. If it turns down our request, we will address the request to the Hungarian side, because we must be informed.

[Toth] This raises the question of your conflicts with Vladimir Meciar. These conflicts grow when he is in power and, by means of these conflicts, you are actually helping him raise his political value. Are you going to change your strategy?

[Duray] Vladimir Meciar is a politician who is a product of certain social needs. He does not formulate his policy on the basis of the approved political program of the party he represents, but according to his own particular strategy and tactics. Conflicts between us and Vladimir Meciar arise when his policy moves to an uncontrollable level. The expectation of a part of the Slovak public that it raises Vladimir Meciar's value when he gets into a conflict with Hungarians demonstrates that there is a defect in Slovak politics.

[On the same day, SME carries a 250-word "pt"-signed report on page 3 of a Coexistence news conference held in Bratislava on 13 December. According to the report, "Miklos Duray expressed concern about the future activity of the government, particularly the departments of defense and education, which are in the hands of the Slovak National Party. According to his words, the Slovak National Party is behind the Association of Slovak Soldiers and the idea of home guards and it is also initiating the passage of a law on the protection of the republic, which is to be misused against people who are loyal to democratic ideas. According to Miklos Duray, should the Slovak National Party implement its program in the sphere of education, the Hungarian minority will very soon have to protest against its policies."]

Marian Andel Elected NRSR Deputy Chairman

AU2112093794 Bratislava SME in Slovak 14 Dec 94 pp 1, 2

[Report by "bog, is": "Marian Andel (Slovak National Party) Elected Third Deputy Chairman of Legislature"]

[FBIS Translated Excerpt] Bratislava— [passage omitted] As the first item on the agenda of the third meeting of the National Council of the Slovak Republic [NRSR], which started yesterday, deputies discussed and approved a draft NRSR resolution, in which the legislature placed the government under the obligation to submit to the NRSR by 19 December 1994 a proposal for essential measures to secure the management of the Slovak Republic's economy in the period of the provisional budget. [passage omitted]

After approving the above resolution, the deputies approved the Final Document from the Uruguay Round of the multilateral GATT trade negotiations.

After approving other international documents, the deputies elected by secret ballot Marian Andel, candidate of the Slovak National Party [SNS], NRSR deputy chairman. He received 85 votes, which means that, apart from deputies representing the Movement for a Democratic Slovakia [HZDS]-Slovak Farmers Party, the Association of Workers of Slovakia, and the SNS, also two deputies from other parties must have voted for him.

Olga Keltosova (HZDS) then submitted, on behalf of a group of deputies, the draft amendment to the Law on Social Security. [passage omitted] The amendment extends until 31 December 1995 the use of labor categories for the purpose of pension insurance. [passage omitted] On the basis of previous legislation, labor categories were to be abolished by 31 December 1994, which had also been enforced by Jozef Moravcik's government. [passage omitted] Of the 130 deputies present, 99 voted for the amendment.

The amendment to Law No. 511 of 1992 on the administration of taxes and levies and to Law No. 286 of 1992 on the income tax concerns the mandatory introduction of electronic cash registers. The deadline for their mandatory introduction has been extended until 30 June 1995. Hence, as of 1 July 1995, all entrepreneurs will be obliged to have electronic cash registers in operation. According to the amendment, which was approved, in the years 1994-95 entrepreneurs will be able to write off the full purchase price of electronic cash registers from their taxable income, if the purchase price is under 20,000 korunas, or they will be able to write off 50 percent of the purchase price, if the price is above 20,000 korunas. [passage omitted]

Meciar Cabinet Appoints Customs Union Members

LD2012154594 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1100 GMT 20 Dec 94

[FBIS Translated Excerpt] Within just one week after being appointed, Vladimir Meciar's cabinet today has already held its third meeting. [passage omitted]

Correspondent Ludmila Bulakova reports from the government office about the morning agenda:

[Begin Bulakova recording] [passage omitted] The Slovak Government discussed and approved the proposal to appoint new members of the Customs Union Council. It dismissed Peter Magvasi, Eduard Kukan, Rudolf Filkus, and Pavol Koncos from the membership of the Customs Union Council. It then appointed Jan Ducky, Juraj Schenk, Sergej Kozlik, and Peter Baco as members of the Customs Union Council representing the Slovak Republic government.

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The government today cancelled the former government decision of 19 April 1994, according to which 26 chairmen of district offices were dismissed. I should recall that these were the chairmen who signed the statement expressing loyalty to the dismissed government of Prime Minister Meciar.

The government resolution says that the decision to dismiss 26 district office chairmen was hasty and incorrect vis-a-vis these chairmen. The Jozef Moravcik government failed to give sufficient consideration to their work and to the reasons why they behaved in the way they did. Sufficient consideration was not given to their attitude, which was one of an open and democratic stance, and to their own feeling about the government which appointed them to the posts of chairmen. This course of action had a profound impact on each of the dismissed chairmen, not only in professional respect but also on their private lives.

The government communique goes on to say that the 26 dismissed district office chairmen did a very good job in the state administration and managed the district offices in a responsible and professional manner. This was the reason why the government has reinstated them in the posts from which they were dismissed, with the exception of those who were elected as National Council deputies in the early elections. A selection procedure, which complies with approved principles, was applied to fill the remaining posts. These were the quotes from the communique from the cabinet session, which is still in progress. [passage omitted] [end recording]

The Slovak Cabinet appointed Marian Vrutec and Peter Adamec as state secretaries in the Ministry of Transport, Communications, and Public Works. Viktor Spakovsky was appointed head of this ministry's office. [Name indistinct] was appointed the state secretary in the Ministry of Labor, Social Affairs, and the Family. Helena Kozikova was appointed head of this ministry's office. The government appointed Jaroslav Rok as head of the Ministry of Agriculture office.

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Kovacs: Accession to EU, NATO 'Settled Issue'

LD2012215594 Budapest MTV Television Network in Hungarian 1830 GMT 20 Dec 94

[Passages within quotation marks recorded]

[FBIS Translated Excerpt] According to Foreign Affairs Minister Laszlo Kovacs, the accession of the six East-Central European countries to the EU [European Union] and NATO is already a settled issue. At the end-of-the-year news briefing held at the Ministry of Foreign Affairs, it was also said that a shift had taken place in the past sixth months on the issue of the basic treaties to be concluded with Romania and Slovakia.

[Unidentified correspondent] Laszlo Kovacs highlighted the importance of the Essen summit's decisions. [passage omitted]

[Kovacs] "By these decisions, the process of the EU extension has passed the stage in which this process was still reversible. I think that the process has become irreversible by now." [passage omitted]

[Correspondent] The foreign minister said that there was disagreement between the government and some opposition politicians over the tactics of joining NATO.

[Kovacs] "We think that we cannot really serve Hungary's accession to NATO if we are banging on the door of NATO with both fists. Perhaps we are kicking its door—metaphorically speaking—while sticking out our tongue at Russia. This is very simplistic behavior, and I am afraid it is not expedient."

[Correspondent] Kovacs is of the view that there has been a shift in the past six months on the issues of the Hungarian-Romanian and Hungarian-Slovak basic treaties, the conclusion of which is planned. He cited as an example the draft treaty that the new Hungarian Government handed to Romania in November. For the first time, it included the mutual recognition of the inviolability of the borders. At the same time, the draft included a need for a guarantee of minority rights at international level.

[Kovacs] "I consider the interpretation to be totally incorrect that Hungary makes some kind of a gesture or concession to its neighbors with the conclusion of the basic treaty. The conclusion of the basic treaty is not less in our interests than in our neighbors'. Our interests lay in different points. However, ours is not less significant." [passage omitted]

Finance Minister Views Social-Economic Agreement

LD2012131794 Budapest Kossuth Radio Network in Hungarian 1000 GMT 20 Dec 94

[FBIS Translated Text] According to the finance minister the realization of a social-economic agreement is not only up to the government.

Finance Minister Laszlo Bekesi said in the television program "Daybreak" that the chances for this were undoubtedly smaller than two or three months ago. Regarding the minimum wage of 13,200 forints asked for by the employees, Bekesi said it was too high. In his view this minimum wage would further damage the Hungarian economy's competitiveness, therefore, he only considers a minimum wage of 11,500 forints acceptable.

The finance minister considers it a mistake that the investigation into the HungarHotels privatization was made public for this could create uncertainty for investors. Bekesi evaluated the work of the government as average. In his view, the government's mediocre performance can be explained by the worse than expected initial situation, the uncoordinated work of the administration and by society's huge expectations.

Horn Urges Changes to Coalition Coordination

LD2112095794 Budapest Kossuth Radio Network in Hungarian 0800 GMT 21 Dec 94

[FBIS Translated Text] In Prime Minister Gyula Horn's view, some changes have to be made to the practice of the very lengthy process of coalition coordination since issues to be sorted out cannot allow months-long wrangling.

The prime minister took part in a discussion in the program of NAP TV, together with Gabor Kuncze, coalition deputy prime minister.

Horn said that certain Alliance of Free Democrat leaders wanted to force their will on the Socialists. It happened very often that after making agreements, only the Socialists took a stand for unpopular measures.

Gabor Kuncze denied this. He cited as an example the issue of the 13th-month salary. It was he who announced the government's unfavorable stand. Then, Gyula Horn conveyed the good news to those concerned.

The interior minister criticized the fact that in many issues it was not the government which made decisions, but the prime minister talked to the public about his ideas and the government followed him.

Environmental Issues Viewed

95P20289A

[FBIS Media Note] Increasing environmental dangers in Budapest, severe problems in northwestern Hungary due to Slovakia's diversion of the Danube, and improved safety measures at the Paks nuclear power plant were the focus of recent articles in Hungarian dailies.

Under the title "Budapest Is an Increasingly Dangerous City," on 6 December the trade union daily NEPSZAVA reported that a conference organized by the Hanns-Seidel Foundation discussed the "natural and man-made catastrophies" threatening the capital. Air pollution was the most immediate problem on the agenda, with some

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participants contending that at times the lead content of the air reaches "10 times the permissible level." Others reported on 25 "dangerous factories—unnamed in NEPSZAVA's report—that are an environmental health hazard to "170,000-180,000 people," presumably because of safety violations. A related problem is industrial waste, which is increasing "by leaps and bounds" according to participants. Of the 250 tons of industrial waste that Budapest produces annually, only about a third is recycled or detoxified, and storage facilities for the remainder will be "filled to capacity by the year 2000." In addition to these problems, the participants also discussed an issue that "no one talks about" otherwise, according to NEPSZAVA. The commander of Budapest's civil defense organization warned the conference that the city is vulnerable to floods because 40 percent of the 83-km embankment that protects the area from the Danube is 0.2-0.4 meters lower than required. Moreover, he said, the "vertical walls" that contain the river in Budapest proper have become "exhausted" since they were built over a hundred years ago, but only a 6-km stretch of the 16.5-km total has been renovated.

Attempts to deal with the environmental devastation in the Szigetkoz area of northwestern Hungary, which has been hard hit by the loss of water from a 30-km segment of the Danube, was the subject of an article in the 8 December issue of the respected daily MAGYAR NEMZET. Two years ago Slovakia diverted most of the water from the river bed—which forms the boundary between Slovakia and Hungary—to a canal on Slovak territory, contending that it had a right to do so because in 1990 Hungary unilaterally abandoned communist-era plans for a joint Danube dam system. The case has been submitted for arbitration to the International Court of Justice at The Hague, but a judgment is not expected for some time. MAGYAR NEMZET reports that the Reflex Environmental Protection Association, based in the city of Gyor, is trying to "deal with the increasingly acute" problems emerging in the area due to decreased groundwater levels throughout the largely agricultural area. Funded by unspecified foreign foundations, the association has already held a "citizen's forum" on six occasions, where the participants indicated that they "have lost hope that their area will be saved," according to the report. Nevertheless, the association will continue searching for a solution by bringing together concerned experts, politicians, and citizens to resolve the many "conflicts" that have emerged among them as they try to deal with the situation. The association hopes, reported MAGYAR NEMZET, to present a coordinated proposal to the government by next summer.

The new government-appointed director and the chairman of Hungary's only nuclear power plant—located at Paks, about 80 km south of Budapest—plan to increase safety measures, reported the 10 December issue of NEPSZABADSAG, the country's largest newspaper. Technical details of the program were not published, but the changes involve expanding the safety inspection committee from four to five members and including two worker representatives in the committee, the article said. The new director, Jozsef Szabo, assured reporters at a news briefing that the plant is safe even in its present state but said that changes must be made to satisfy "increasingly strict requirements." Szabo has been working at Paks since 1969, when he completed his studies in nuclear power plant engineering at Moscow University. Laszlo Marothy, the plant's new chairman—who has called for increasing the energy output of the facility—has been working at Paks in various positions since 1975, according to NEPSZABADSAG.

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Privatization in 1993 Shows Positive Results

WS2012140494 Warsaw GAZETA WYBORCZA in Polish 20 Dec 94 p 19

[Report by "orka": "Report on Privatization: 1993 Was a Good Year"]

[FBIS Translated Text] **Revenues from the sale of state enterprises and ownership transformations last year totaled 7.8 trillion zlotys [Z]. According to the privatization minister, "freshly privatized" companies were the most efficient.**

Privatization Minister Wieslaw Kaczmarek yesterday presented journalists with a "Report on Ownership Transformations in 1993." The report took so long to prepare because all the economic ministries, the Central Office of Statistics, and the State Agency for Foreign Investments took part in its compilation.

Ever since market reforms were launched in Poland, the share of the private sector in GDP has been systematically growing: in 1989 it was 29 percent, in 1993—already 53 percent.

The participation of the private sector in particular branches of the economy remains, however, strongly varied. The greatest changes took place in the housing industry, where the private sector share in revenues was 71.8 percent, and in trade, where it exceeded 63 percent. In the state sector, the State Treasury share grew from 20.2 percent in 1992 to 30.4 percent in 1993.

The pace of privatizing new companies slowed down last year, while the quick pace at which particular privatization projects were completed was maintained.

The privatization of 365 state enterprises was completed in 1993. Shares in 12 companies were sold at public auction, 83—by tender, and 47 state enterprises became joint-stock companies of the State Treasury (as compared with 51 enterprises in previous years.)

According to Minister Kaczmarek, some of the joint stock companies of the State Treasury are in a difficult financial situation; some have been waiting for the "completion" of privatization for over two years now. Instead of launching restructuralization they are passively awaiting external aid.

The minister claims that public opinion on privatization is disturbing—in November 1990, 43 percent of those polled approved of it, three years later—a mere 29 percent.

A lottery was held on Friday to establish which management companies are to negotiate methods for capital management with which of the 15 National Investment Funds [NFIs] (19 companies that are licensed to manage NFIs took part in the lottery). If the NFI supervisory boards do not accept the selected companies, they will be allowed to enter negotiations with the remaining four, which are "in reserve."

Let us remember that the shares of 444 enterprises included in the Mass Privatization Project are to be distributed among the NFI's. In mid-1995, every adult Pole will be able to purchase a share certificate to be converted into NFI shares approximately one year later.

According to Kaczmarek, there are no grounds to fear that the Z4 trillion earmarked in the budget will not be generated by the sales of mass share certificates. The minister did agree, however, that this would be an extremely difficult task, and the success of the initial stages of the project would decide its future progress.

Privatization Aide on Impact of EBRD Credit Plan

MM2012163694 Bialystok GAZETA WSPOLCZESNA in Polish 14 Dec 94 p 10

[PAP-attributed report: "EBRD Credits: $50 Million Worth of Financial Support for NFI"]

[FBIS Translated Text] The European Bank for Reconstruction and Development [EBRD] will grant credits to the National Investment Funds [NFI] to finance the first stage of their activity, and in future it will also finance the joint partnership companies taking part in the NFI program. The EBRD has allocated some $50 million to meet the operational costs of activating the NFI program. However, none of the funds in the scheme may be granted more than $3.2 million.

Ewa Freyberg, under secretary of state at the Privatization Ministry, believes that the launching of the scheme will not cut off access to EBRD funds to joint partnership companies remaining outside the NFI scheme.

"It is an open-type program, and if it becomes more attractive than other privatization programs, there is no reason why other enterprises should be barred from taking part in it," Freyberg said. She added that the Privatization Ministry's own observations suggest that, as far as Polish customers' use of foreign credit lines is concerned, it looks as if the demand for foreign credits is too small in relation to their availability.

According to Freyberg, solutions worked out within the framework of the credit program should be beneficial to the economy as a whole, not only to the section involved in the NFI program. In her opinion, the advantages following from cooperation with the EBRD will be most obvious in the sphere of restructuring of the banking sector.

Charles Wrangham, head of the London EBRD team for cooperation with Poland, has said that the bank will cooperate exclusively with those Polish financial institutions which have already had some experience in servicing joint partnership companies involved in the privatization scheme.

In the first stage of the EBRD scheme, which has already been approved by the EBRD Board, credits will be extended to the National Investment Funds. According to Wrangham, the terms on which these credits will be granted will be more lenient than the terms for the individual joint partnership companies taking part in the

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scheme. Wrangham explained that these terms will be "unusual" because of the "unusual nature" of the NFIs themselves, and also because of the absence of the NFIs' "past credit-taking record."

In future, the EBRD will secure capital financing for the joint partnership companies participating in the NFIs. However, direct EBRD investments will only be realized in the case of joint partnership companies which can show good financial results.

Another form of support for the NFIs will be the EBRD's assumption of a proportion of the risk faced by the Polish finance institutions in such operations as the granting of credits, loans, and guarantees for privatized companies. In these instances, commercial terms will apply.

The EBRD also envisages extending support to joint partnership companies which cannot obtain direct financing in the capital market. In the case of such companies, the EBRD will grant subsidies for the preparation of their draft privatization proposals.

Central East European Privatization Summarized

95EP0019B Warsaw RYNKI ZAGRANICZNE in Polish No 133, 5 Nov 94 p 1

[Article by (jz): "Privatization Meanders in Central East Europe"]

[FBIS Translated Text] The privatization of state enterprises is, after the next year's budget, the most important topic of parliamentary debates in the postcommunist countries. Speeches negating the idea of privatization are rarely encountered, but the privatization procedure and the integrity of the related transactions elicit many reservations.

* * *

A recent sensational event was the arrest of the Chief of the Czech Center for Voucher Privatization Jaroslav Lizner on the grounds of acceptance of a bribe of 8.3 billion crowns (about $300,000) for illegal transactions in the vouchers and shares in preferred enterprises earmarked for privatization. This securities scam, which received considerable publicity, topped only by the scandal with the bankruptcy of the Moscow MMM company, undermined the authority of Czech privatization, until then considered a model by the countries of the former Eastern bloc.

Officially it is denied that Lizner's operations affected the Czech securities market, but the parliament is demanding clearer rules for the sale and purchase of stock in return for privatization vouchers. The [Czech] government has pledged itself to provide a complete report on the activities of the privatization center.

Reservations about the integrity of privatization proceedings also are being made in other countries. In neighboring Slovakia all direct sales of stock in state enterprises made after 6 September 1994 were declared invalid. This does not apply to privatization performed by means of public bidding and sales of state-owned stock in enterprises on the securities market.

The instance of cheating being uncovered, while providing ammunition to opponents of the transformations, do not endanger the process of privatization itself. The Czech Center for Voucher Privatization will carry out on schedule the exchange of vouchers for stock in enterprises.

A new stage of privatization has commenced in Hungary, whose government has accepted the draft of a law providing for accelerating the sales of the assets of most state enterprises, while reserving for itself total or partial control over certain domains of the economy.

The draft law subdivides state-owned property into three groups. The first group includes enterprises of strategic importance, such as banks and financial institutions, power enterprises, telecommunications enterprises, and large profitably operating enterprises of the electronics and pharmaceutical industries. The procedure for privatizing these firms will be decided by the government. The second group contains mid-sized firms with a capital of at least 600 million HUF [forints] which employ more than 500 persons. For these firms the state will locate strategic investors, and next, financial investors on the stock market. In the third group, small enterprises will be auctioned off or transferred to the ownership of their workforces on favorable terms.

PFP's Economic, Defense Industry Benefits

95EP0017A Warsaw GAZETA BANKOWA in Polish No 42, 15 Oct 94 p 12

[Article by Pawel Wieczorek: "NATO in Polish Factories"]

[FBIS Translated Text] [Text] The Partnership for Peace program is perceived strictly in political and military terms. But economic and financial factors also have an effect on security, including Poland's cooperation with NATO countries as regards the defense industry and military production (special).

Too Little as of Now

Military cooperation, which also includes deliveries of special products, has already been established with certain NATO and neutral countries. But thus far its scope and practice is rather limited, consisting mainly of reciprocal deliveries of products belonging to a group of dual-application goods (weapons: gas, shotguns, hunting rifles). The gradual development of cooproduction between defense industry enterprises, including special products, is only a long-range prospect.

The first of such contracts was finalized at the turn of 1993-1994. The Gdansk UNIMOR Electronic Factories began coproduction with the Swedish corporation Ericssson producing communications equipment (radio links). Talks are also quite far along on the matter of the cooperation of Bofors with the Stalowa Wola Steelworks,

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the Bumar-Labedy Engineering Equipment Works, and the Mesko Metal Factories in Skarzysko-Kamienna. A decision will also be made still this year as to whether Bofors will place 90 percent of its production of the modern anti-tank "Bill" system in Skarzysko.

The NATO countries will be increasingly interested in the development of such cooperation. This is due, first of all, to acceleration of special production outside of the strictly national structures. Second, the shrinking demand for armaments and military equipment is forcing the NATO countries to look for other sales markets, methods of reducing the costs of weapons production, and a reduction of the economic risks of such endeavors.

This cooperation will bring many benefits to Poland. There will be opportunities for greater access to the latest technologies, not only military; for modernization of the country's defense industry; and for increasing its competitiveness. This will facilitate a growth in the export of weapons. The assistance of the NATO countries in the conversion of the Polish defense industry will hasten its adaptation to western standards.

Thus the flow of technologies connected with coproduction will initially be of a unilateral nature, with most of the benefits accruing to Poland. Equivalency in this type of exchange will be achievable only after a longer period of time, if at all.

Loose Control

One of the conditions for the expansion of cooperation with NATO countries was the passage by the Sejm in December 1993 of the "Law on the principles of special control over foreign turnovers of goods and technologies in connection with international agreements and obligations." But executive orders are still lacking. This puts into question the effectiveness of the state's supervision over the flow of goods and technologies that are important from the military viewpoint. This problem should also be seen in the context of the "New Forum," i.e., the organization which, in place of COCOM (Coordinating Committee on Export Controls), will supervise the world turnover of the latest technologies. Installing an effective mechanism of state control over the export and import of modern technologies will determine Poland's role and importance in the afore-mentioned organization.

Broader cooperation with NATO countries will not be possible without:

—speedy preparation of a long-range program to adapt our defense industry to international and internal conditions;

—an overall debt reduction in this industry (approximately 17 thousand billion zlotys (Z));

—financing, out of the state budget, the costs of maintaining manufacturing capacity reserves in case of threat and war. In 1994 Z1,375 thousand billion was designated for this purpose, but this did not satisfy the claims of the interested factories;

—assistance in financing research and development work relating to defense. In 1993 the expenditures for this from the Ministry of National Defense (MON) budget and from the Committee for Scientific Research (KBN) totaled Z1 thousand billion, i.e., less than 1 percent of expenditures for the military in general, compared with at least 10-12 percent in the NATO countries;

—providing the enterprises in the defense industries broader access than heretofor to the bank credits guaranteed by the state;

—establishing minimum sums which in the next few years will be designated for military procurement from domestic production.

The approximately Z3.7 thousand billion designated for this purpose is less than half as much as would make special production profitable. The process of restructuring the defense industry has proceeded slowly thus far not only due to lack of money, but also due to the prolonged legislative process. The passage by the Sejm in February 1994 of the "Law amending the law on ownership transformations of some state enterprises of special importance to the national economy," and the preparation of the pertinent executive orders, facilitated the more rapid transformation of defense industry enterprises into one-person State Treasury companies, which in turn made it possible to strengthen them in terms of capital and technologies. It is estimated that the total costs of the program for restructuring the country's defense industry will amount to almost Z20 thousand billion.

Defense Ministry's Financial Condition Viewed

95EP0017B Warsaw GAZETA BANKOWA in Polish No 41, 15 Oct 94 p 17

[Interview with Tadeusz Grabowski, director of Department of Finances of the Ministry of National Defense, by Jaroslaw Sroka; date and place not given: "Dollar Missionaries"]

[[FBIS Translated Text]] [Excerpt] [Sroka] To put it simply: The Army is a service organization. What is its financial condition?

[Grabowski] It can be put differently. From the standpoint of the economy the Army is a large "enterprise," but it does not have an income of its own. The Army's income consists of receipts from taxpayers which by a budgetary law are in part allocated for the needs of the Army. Its current financial condition is very poor. In recent years—it began in 1987—outlays for defense are constantly being reduced. At present we are receiving only 40 percent of what we were given in 1986. This year the amount was 50.7 thousand billion zlotys (Z).

[Sroka] It was not enough to...

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[Grabowski] First of all, to modernize the Army technically—hence the problems in our weapons industry, which, after all, worked mainly to fill our needs—and for training and mobilization reserves. The fact that the Army's fixed costs are constantly rising is also disturbing.

[Sroka] In other words, we cannot afford an army?

[Grabowski] We can afford it, but we have to determine whether we can supply it with modern technical equipment.

[Sroka] Are the generals optimistic?

[Grabowski] We foresee two versions of how things will develop: as the state's economic situation improves, outlays for the armed forces will increase somewhat. Second: the restructuring of the Army, which consists of reducing what we call the broad logistical and socioeconomic infrastructure, will end well. The health service is too expanded. We are waiting for reform in the state's health service. In addition, there is the matter of housing facilities. We have already prepared a draft law on quarters for the armed forces. We want to get rid of our surplus assets, mainly barracks buildings—approximately 20-25 percent.

[Sroka] Will there be buyers? No one wants to buy the Russian bases...

[Grabowski] The military cannot bear costs which from the standpoint of the Ministry of Defense (MON) budget should be allocated for what is most important to the Army: line units. An efficient Army does not mean barracks, but a specified combat force and modern weapons. The Army cannot be burdened with unnecessary ballast. These assets are only under the management of the Army. If our minister no longer wants them they will go to the voivode who can sell them or lease them out. We would like to have formed, by law, an Agency for Military Property which would take over the surplus assets and manage them, just as the Agency for Farm Property manages the Polish State Farms properties.

[Sroka] Costs are rising, the Army is obsolete. At the moment there are no prospects of more money. Wouldn't neutrality be cheaper?

[Grabowski] Neutral Switzerland has a very modern army, also maintained by taxpayers.

[Sroka] How much does it cost to maintain the Army, in terms of one soldier?

[Grabowski] In Poland in 1992 the outlays for one solder totaled $6,745. In Germany, almost $80,000. In Spain, $39,400. And in the Czech Republic, $18,000.

[Sroka] When was the Army better off financially—before or after 1989?

[Grabowski] We were never over-indulged. Before 1989, in relation to gross domestic product, outlays for the armed forces totaled approximately 3.1 percent. Now the figure is 2.4 percent. But before 1989 the MON budget did not contain such items as retirement annuities or pensions. During those years some of the raw materials and energy carriers were subsidized from the state budget. Thus, if we accepted the criteria of today's prices, this might not be 3.1 percent but even 5 percent.

[Sroka] It can't be that bad. You have your own health service, which is not available to ordinary mortals...

[Grabowski] That is not true. Forty percent of our "closed" health service, i.e., hospitals, are used for persons who are not entitled. Last year the Ministry of Health refunded Z260 thousand billion zlotys to us, i.e., slightly over 40 percent of our outlays. This year we have designated Z0.5 trillion in the MON budget for the needs of the universal health service, and none of this will be refunded to us.

[Sroka] Free higher schooling, free fares...

[Grabowski] Professional soldiers have a 50 percent fare reduction on the Polish State Railroads. This reduction was purchased by the ministry out of the wage fund. Conscripted soldiers are guaranteed, by law, a 50 percent reduction, and the other 50 percent is also purchased by the ministry. If we did not do so, with the kind of money that the conscripts get they would be riding without a ticket.

[Sroka] What does the military not pay for?

[Grabowski] There is no such field. One of the conditions for our acceptance into the European structures or the Partnership for Peace is that our budget must be public. It is not possible for military expenditures to be hidden in other sectors of the economy.

[Sroka] Does it pay to come a professional soldier?

[Grabowski] That depends on rank and position. As director of the Department of Finance, I earn a gross of Z23 million. The average pay in the military is about Z9,300 thousand [?]. Such earnings are not too attractive, especially since the profession of solder is military duty and all of the consequences that ensue from that.

Leading Companies of Visegrad Countries

95EP0019C Warsaw GAZETA BANKOWA in Polish No 44, 29 Oct 94 p 7

[Article by (HB): "The Visegrad '100'"]

[FBIS Translated Text] The CPN ([Polish] Petroleum Products Center), whose sales last year reached $4.5 billion, is the biggest enterprise not just in Poland but in the CEFTA as a whole. Were the list of 500 prepared by FORTUNE to include our region of the world, the CPN would be ranked in the 323rd place, ahead of such well-known companies as Dell Computers, Heineken, Nokia, or Minolta. But it is doubtful whether any other enterprise from the Visegrad "Hundred," a list compiled by BUSINESS CENTRAL EUROPE, would find itself on FORTUNE's list.

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The Visegrad list, prepared on the basis of national rankings by GB, the Hungarian newspaper FIGYELO, and Resources, a Prague information company, contains enterprises whose combined sales exceed $54 billion. For our region of Europe they are giants, but taken together their sales amount to barely 40 percent of the annual sales volume of General Motors.

The list is definitely dominated by Polish companies (six of them are listed among the top 10), which is chiefly due to the fact that the other three countries [Czech Republic, Slovakia, Hungary] are much smaller, and none of the region's enterprises operates on an international scale.

The largest companies in Hungary are MOL (liquid fuels) and Magyar Villamos Muvek (power industry); in the Czech Republic, CEZ (power industry) and Skoda/VW (no need to explain); and in Slovakia, VSZ Koszyce (metallurgy) and Slovenske Energeticke (power industry).

The most profitable CEFTA firms are Telekomunikacja Polska ($642 million in gross revenues), the Czech CEZ ($574 million), [Polish] Petrochemia Plock ($303 million), and the Czech SPT Telecom ($206 million). A competition-free 533-percent increase in revenues was recorded in 1993 by Stredoceska Energetika (Czech), and the Hungarian branches of the Unilever and GM concerns have been growing very rapidly (148 and 123 percent, respectively).

Reliance on Russian Gas Expected To Continue

95EP0018A Warsaw GAZETA BANKOWA in Polish No 47, 19 Nov p 25

[Article by Grzegorz Lys: "Pipeline Under Pressure"]

[Text] At the beginning of next year if everything goes according to plan shipments of pipe for the first Polish section of the pipeline that is to join the Yamal peninsula with Western Europe will begin.

Pipe with a diameter of nearly 1.5 m has been bought on credit in Italy by the Russian firm Gazprom, besides Polish Oil and Gas, one of the main participants in this strategic investment of the consortium Europol Gas. Construction is to begin in the spring. It is expected that in the course of the year the first section of 103 km will be put into use connecting the domestic gas pipeline network with Germany. The entire Polish section is to be finished in 1997. After 2000, gradually increasing shipments reaching our borders should attain a level of 69 billion m3 annually, of which, according to the agreement, 14 billion will be earmarked for Poland.

The Great Pipeline From Yamal

It is already quite clear that imports of gas from Russian will remain the main source of gas for the Polish economy for the foreseeable future. The Russians will practically be our only foreign supplier. The long planned diversification of imports has not gone beyond studies and negotiations. The failure of these attempts raises the spector of energy dependence on a neighbor whose political and economic prospects and future policy toward Poland are still unknown. The fact that the last preparations for joint construction of a new gas pipeline have been accompanied by clearly worsening Polish-Russian relations awakens justified fear for the economic security of Poland.

Specialists of Polish Oil and Gas responsible for supplying Poland with gas do not share such concerns. Moreover, they are completely convinced that even serious political conflicts will not incline Russian to turn off the legendary spigot, at any rate not the one installed on the pipeline from Yamal. Unlike the current situation where we are the last one on the end of the pipeline to the West through the Ukraine, after the construction of the new line we will be in the privileged position of "first on the pipe." A significant portion of the gas exported by Russia to the countries of West Europe will be sent from now on through Poland. Halting shipments to Poland for any reason would also break off exports to the West, one of the main sources of hard currency for the Russians. The dependence is mutual and resembles the relations between two people one of whom has the match box and the other the match. Experts of Polish Oil and Gas cite the example of Ukraine which received gas even during the period of the greatest conflict with Russia over the Black Sea fleet and is still receiving it—on credit.

The pipeline across Poland is not the only solution for the Russian exporters. An alternative could be, for example, sending gas by a route running more to the south in the direction of Italy. Nevertheless, a pipeline through Poland permitting shipments directly to the richest and largest markets is the most favorable variant for the Russians, and they have not hidden that fact.

The question arises whether this kind of calculation is a sufficient premise for a responsible energy policy and whether it cannot be struck down by, for example, a collapse of democracy in Russia. That question is of particular importance when it is expected that as a result of the modernization of our economy the consumption of gas as a percentage of our energy resources will increase from 8 percent to 20 percent in 2010.

Bound Methane

The total consumption of gas in Poland is expected to be not quite 10 billion m3 in 1994, of which 5.8 billion will be imported from Russia. Forecasts say that by 2010 demand will increase to 27.5 m3 in the low variant and 37 billion in the high variant. Shipments from domestic resources, which currently cover about 40 percent of the need, will increase during this period only slightly, from 4.2 to 5 billion m3.

Some hope for a greater increase is attached to finding methane in coal deposits. A small domestic firm Metanel intends to sell about 350 million m3 to the refinery in

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Czechowice-Dziedzice and to the power and heat generation facility in Bielsko-Biala from such sources in 1995. Specialists say that 3 to 5 billion m3 of methane can be expected annually in the future. For other experts, the drilling being done in Silesia by, among others, Amoco, is still only an experiment. The reserves locked in coal are still unknown; estimates range from 200 or 300 billion m3 to more than 1 trillion m3. But even if the most optimistic forecasts come true at least two-thirds—more probably 80 percent—of the gas used in Poland will have to be imported.

No Diversification

Since the signing of the agreement to build the pipeline from Russia, less and less has been heard about diversification of imports. The idea of building a pipeline from the British deposits in the North Sea through Denmark and the Baltic, Polpipe, that could have provided Poland with about 10 billion m3 of gas annually has collapsed. In spite of the previous proposals, the English decided to earmark the reserves of the Britania field for their own use and sale to Western Europe. Currently, they are aiming to build a pipeline to the continent, but proposals to buy gas sent by that route are no alternative for Poland. Similarly, proposals to buy 1-2 billion m3 at the German connection in Emden are also not an alternative. Recently at the request of the Norwegians who could not handle the plans for exploiting their resources, talks on purchases and the construction of a pipeline from the Norwegian fields were also ended. Proposals to bring gas from North Africa by pipeline or by ship are only of theoretical interest as too expensive.

The large pipeline from Yamal is now our priority. As government representatives emphasize, they must find $350 to $500 million in Poland to finance the Polish section, which will insure about a 15 percent share in the shipments for Poland.

Delaying Prime Minister Chernomyrdin's visit should have no real effect on the construction of the pipeline from Yamal according to experts from Polish Oil and Gas. The signing of the protocol on the technical and financial details of the enterprises will only be delayed. The conclusion of the long-term contract for shipments of gas that is independent of the former agreement will also be delayed. It is currently supplied under the agreement specifying Russian obligations deriving from Poland's contribution to the construction of the Orenburg and Yamburg pipelines. On the basis of that agreement, Poland receives 4.8 billion m3 of gas annually. That agreement, however, is not a binding contract; after it expires, Poland would be subject to short-term contracts.

Putting the pipeline from Yamal into use should strengthen Poland's position with the Russian exporters. On the other hand, it means there will be an enduring dependence on this one supplier. That is not beneficial not just because of strategic reasons but also because of commercial reasons. It would be bad if the new investment brought about a complete abandonment of efforts to diversify sources of imports, as it now appears is happening.

Conflict Between TVP Head, Government Viewed

WS1912133094 Warsaw RZECZPOSPOLITA in Polish 19 Dec 94 p 5

[Article by Beata Modrzejewska: "Polish Television; Does This Chairman Have To Go?"]

[FBIS Translated Text] Does the coalition want to gain control of public television? Yes, it does, says Polish Television [TVP] Chairman Wieslaw Walendziak, who gives several examples of pressure having been exerted. The coalition denies the accusations. It also denies the unofficial reports that one of the topics discussed during the renegotiation of the coalition agreement was who should replace Walendziak. "It would be bizarre if the coalition did not want to gain control over television, because Walendziak is quite right: who has the power, he has the television," says Minister Lech Falandysz of the President's Chancellory. The president declared in June that without his knowledge not even a hair will fall from Walendziak's head. "If the president promised Walendziak that he would not allow anyone to harm him, then he will be as good as his word. Probably..." Lech Falandysz adds.

Chairman Walendziak told journalists on Thursday that the coalition cannot order the television into submission with a direct onslaught and this is why it is looking for other means of exerting pressure on it. The news conference was shown during the main "Wiadomosci" newscast, which means that it was seen by approximately 15 million Poles. Then it was also shown during the "Pulse of the Day" program.

An example of exerting pressure on the TVP board is the prime minister's letter in which he accused the board of running the public television incompetently, of conducting an incorrect personnel and programming policy, as well as of carrying out poor financial policies. As Walendziak put it, politicians demanded that TVP indoctrinate the people by trying to win them over to new economic system. Another form of applying pressure are the incessant controls in TVP. The fact that the television is in disfavor with politicians is proven by the distribution of last year's profits: even though most of it was earned by the television, it was the radio which received the greater portion of it. The last three charges concern Finance Minister Grzegorz Kolodko, whose name was not mentioned at the news conference. The finance minister represents the State Treasury in the TVP SA company. Thus, the TVP chairman accused the prime minister and the deputy prime minister- finance minister of taking care of their own interests. None of these high state officials have answered the charges which have been leveled against them in public. "Minister Kolodko learned about Walendziak's statement from me. He asked whether

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there was something he should do. I answered: 'No.' 'That is very good,' the deputy prime minister replied. He is too busy to conduct a polemic with the television chairman," says a high-ranking official of the Office of the Council of Ministers [URM].

"The finance minister certainly does not meddle with TVP programming. We only exercise supervision over the company and we observe the rules of the Commercial Code. The current activities of the company are decided by the Board of Directors, which is controlled by the Supervisory Board," says Jan Bogutyn, director general in the Finance Ministry. Director Bogutyn explains that the distribution of profit between radio and television, which TVP directors put in question, is quite rational. The State Treasury is the owner of not just one but 19 companies: There is only one television company and 18 radio companies. Radio does not have enough money and there is no way it can earn it; it is only logical, therefore, that its owner subsidizes it. Jan Bogutyn gives assurances that the money given to the radio will not be "consumed" but invested, so that the radio companies will be able to successfully compete with private radio stations.

"Chairman Walendziak shows us another installment of the serial entitled 'Black Clouds,' which are gathering over the television. Minister Kolodko found out about the control in TVP from the press. In such establishments as television, controlling organs should be present all the time—not to look for thieves, but to serve as an early warning system," assures Marek Wagner, under secretary of state in URM. "Now, as for the indoctrination of the 'Strategy for Poland,' the issue does not exist at all."

URM explains that after a talk with Walendziak and after he gave his approval, it presented written proposals on subjects "concerning economic issues and the implementation of the 'Strategy for Poland' which should be included in current-affairs programs in TVP SA." Due to the great interest, as well as the fact that "economic issues should be handled as one complex area, it seems that it would be particularly useful to present programs related to the proposed subjects in one bloc entitled 'The Strategy for Poland.' This bloc would be an economic program presented in various forms; however, it would always make it possible for representatives of the government who are competent in a given subject to state their views. Their views would be contrasted with the opinions of independent experts, journalists, opponents, 'recipients' of the problem, etc. In each program the main subject might be accompanied by some economic information concerning our country and our foreign economic cooperation," reads the URM letter to TVP. Before that Walendziak agreed to all this and therefore, the chairman's statement came to URM as an unpleasant surprise.

The prime minister also did not think it necessary to explain to Poles what intentions he had when he sent his letter to Walendziak. "The prime minister wrote this letter because, as a host, he is accustomed to taking care of the entire farm. He was surrounded in the Sejm by television employees, who complained about the board and gave him letters," explains a high-ranking URM official.

On the following day, the prime minister received an official letter from the trade unions, signed by Mariusz Jelinski, chairman of the Board of the National Trade Union of Radio and Television Journalists, and Television "Solidarity" Chairman Jaroslaw Najmola. Their letter put in question the financial validity of the producer system, which has recently been introduced. Their charges were included in Pawlak's letter to Walendziak. The prime minister was also worried by the dismissal of Andrzej Kwiatkowski [television journalist]. Opinions are expressed in URM that the same will soon be done to Andrzej Bober. "The prime minister wrote a letter to Walendziak because he was worried by reports which came from the television itself; however, what can the prime minister do to TVP?" officials in URM ask.

There was a time when the prime minister wanted to make a statement on television. He was denied the right to do it. A report on Walendziak's Thursday news conference was included in the "Pulse of the Day" program, which is prepared by the Television Information Agency. The journalists of "Pulse of the Day" were not informed that their program would all of a sudden appear in such a form. The decision was made by the "higher leadership" 15 minutes before the program was scheduled for broadcast. The journalists of "Pulse of the Day" believe that the fact that their program was used as a 10-minute report on Chairman Walendziak's conference was an attempt on the independence of their program. "Walendziak is a dignitary, as were his predecessors in office. When he is on television, however, he says that there is pressure," says a TVP journalist. There are also opinions that the broadcast of the report on his own conference played into the hands of his opponents—it undermined the independence of the television sections and the editorial staff.

"I did not hear even one question during the report on the conference. This was simply Walendziak's statement," says Under Secretary of State Marek Wagner.

The finance minister can recall the board only if it recalls the TVP Supervisory Board at the same time. However, the next Supervisory Board would be nominated by the National Council of Radio and Television [KRRiT]. It is impossible to predict, therefore, who would sit on it—and it must be remembered that the new Supervisory Board would appoint the members of the new board of directors. KRRiT announces desinteressement [preceding word in French] in Walendziak. He does not consult it when he has troubles with politicians. One can hear unofficial opinions that since "he wanted to cope with problems himself, then let him do it." Some members of KRRiT also say unofficially that Walendziak is behaving hysterically, that he wants to present himself as the "last just man." However, if he wants to say the

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whole truth, then, apart from saying that there is pressure from the coalition, he should publicly say that the television is antigovernment. Will Walendziak go after working in the television for a year? "He has some time—until the spring, until the moment when the term of office of three KRRiT members expires and they are replaced by others," says a high- ranking URM official.

Condition of Cooperative Banks Assessed

95EP0021A Warsaw GAZETA BANKOWA in Polish No 46, 12 Nov 94 pp 10-11

[Unattributed article: "Ranking of Cooperative Banks"]

[FBIS Translated Text] In Poland there exist about 1,630 cooperative banks. They all are obligated to publish their financial statements in MONITOR POLSKI. By mid-October only 58 cooperative banks, or about 3.6 percent, had their financial reports published in MONITOR POLSKI (No. 118). We decided to analyze the first 50 (the remaining eight are banks in Oborniki Slaskie, Nowy Brzesk, Brzeznica, Biszcza, Kamionka, Wielowies, Kijew Krolewski, and Skala).

We realize that it was chiefly the well-performing banks that published their financial statements, and therefore they should not be used as the basis for drawing general conclusions. Our analyses indicate that smaller banks (with up to 10 billion zlotys in operating capital) are in a better situation. However, personnel costs encumber them considerably.

Last year operating capital increased by 22 percent, but its value in real terms decreased. The smaller banks increased their capital to a greater extent.

Summaries of accounts increased by 35 percent, and thus they can be considered as retaining their worth in real terms. The volume of loans made dropped by more than 20 percent; compared with commercial banks, this is a substantial decline.

It seems that this is due to two factors. First, the actual decline in loan demand on the part of farmers, until recently the principal customers of cooperative banks. The second factor is the changes in the loan accounting system. Now loans are reported in net terms, that is, according to their actual value, and calculated by deducting from nominal value the amount set aside for targeted reserves. Last year, after being so urged by the NBP [National Bank of Poland], the banks established exceptionally large such reserves.

Cooperative banks which have problems with finding creditworthy borrowers increasingly lend their funds on the interbank market. This applies chiefly to the smaller banks. The extent of the funds they invested on the interbank market has increased by two-thirds. It can thus be said that these banks are beginning to exercise the functions of savings and loan banks which collect deposit and, instead of using them to finance local investments, transmit them to other banks.

Cooperative banks, unlike commercial banks, show very little interest in Treasury securities. The smaller banks own them only in trace amounts (1.1 percent of the balance-sheet total, while the larger ones own much more (last year they markedly increased their holdings of these securities).

In 1993 profitability reckoned as net profits after expenses decreased considerably. Revenues increased by about 19 percent and operating expenses by more than 57 percent. This was markedly affected by the creation of targeted reserves. But even if we overlook the expenditures on this purpose, the operating expenses of these banks turn out to be 34 percent higher than in 1992.

The decrease in profitability has also been due to the ratio of the cost of assuming liabilities to the loan interest rates the banks charge. Last year, the profitability of assets decreased more steeply than the cost of assuming liabilities. It is interesting that in the smaller cooperative banks the profitability of assets (reckoned as the ratio of revenues from banking operations to the mean value of loans, credits, and Treasury securities) is higher than in their larger counterparts (38.4 percent versus 35.2). This also applies to the cost of acquiring funds. Our data indicate that the smaller banks pay less (23.5 percent) than the larger ones (24.7 percent). These disproportions probably occur because the smaller banks, which lack competitors in their areas, can assume cheaper liabilities and charge a higher loan interest rate.

MONITOR POLSKI should publish not only bank financial statements, balance sheets, and listings of account balances not included in the statements, but also opinions of expert auditors. In two cases these opinions are missing. In the first case the opinion was replaced with a statement from the board of governors declaring that the balance sheet was prepared properly. Only one auditor stated that a bank's situation is bad, and his comment did not apply to either of the two banks, which meet the requirements for declaring bankruptcy (operating expenses exceed capital).

The Szubin Cooperative Bank published its financial statement according to the form designed for manufacturing enterprises. Fortunately, no figures were stated in rubrics such as Income from Sale of Merchandise and Products. Yet the auditor had no comments other than that the statement was correctly prepared in accordance with NBP regulations. Another auditor went so far in trying to be "impartial" as to mention good prospects for growth on the grounds that, among other things, "this modern facility is conducive to gaining new customers and increasing operating capital, thus improving the indicator of solvency." No auditor noted a too low level of targeted reserves. Only one auditor stated that one bank created them last February, without pointing out, however, that as a result the receipts last year were recorded in a higher amount than should actually be the case.

Several banks reported their financial statements under the old accounting system, no longer mandatory, under

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which loans could be reported in terms of gross value [without deducting operating reserves]. In such cases we deducted the value of operating reserves on the assumption that they all were established for loans and not for collaterals.

Local Government Development Stalled

95EP0021B Warsaw GAZETA BANKOWA in Polish No. 46, 12 Nov 94 p 25

[Article by Maria Dunin-Wasowicz: "Local Government Fears: The Local Left Prefers Less Investment and Less Privatization"]

[FBIS Translated Text] Elections to local governments have ceased to excite politicians and the electorate. By now it is known that most local governments will be dominated by leftists, though it will take a long time yet for the results to manifest themselves.

* * *

One can only make the disturbing guess that the new local politicians will not pursue as bold an economic policy as their predecessors in local governments, that local initiative will die down and the civic state will sit down with folded hands, so to speak.

Removing the Cosmetic Makeup from Local Governments

The fears that the development of local governments in Poland will be stalled stem from at least several factors. The first and most important is, as observed by Pawel Siwaniewicz in his report, "Perspectives of the Economic Policy of Local Governments," the relatively discouraging attitude to the nature of governance. Few new local politicians have presented economic programs, and instead they operated with slogans such as "It must be done" or "The aspirations should be," etc. Such enigmatic rhetoric was probably due to the fact that most often they do not see their positions in the local establishment as a way of translating into reality specific goals, ideas, changes. The "newcomers" wanted to win the elections in order to lord it over the local communities and "shine" before the central party leadership rather than to govern together with the community.

It is likewise hardly likely to expect an activist economic policy, considering that the newly elected local-government councilmen, believe that most local problems can be solved by throwing public funds at them. There are probably twice as many such passive councilmen as those who prefer to promote local resourcefulness and enterprise while at the same time curtailing budget expenditures.

Regression of Investments

It is to be expected that investments will become the first victim of the councilmen who are not disposed to promote economic growth. In the last three years investments accounted on the average for 25 percent of the receipts of local governments.

This time the situation may worsen, because councilmen will simply not explore ways of reducing expenditures, especially those traditionally viewed as fixed, that is, subsidies for education or municipal enterprises. A decline in investments is to be expected even before this year is over, as indicated by the first estimates of the execution of local-government budgets.

This, it is worth noting, warrants the apprehension that local-government budgets will be in the red, just like the central budget. This will be caused by the allocation policy of the state, which prompts an increase in spending on education and communal housing. This is one reason why local-government budgets are as poorly designed as the state budget. Clearly, the "bottom" is emulating the "top" and still believes that constructing a budget is a job for an accountant and not for a politician, not even for a local politician.

More Cautious Toward Privatization

The new councilmen are much less prone to approve of privatization than their predecessors who had been elected to local governments in 1991. To be sure, the "newcomers" would welcome privatized garbage removal and street cleaning, but they shy from the idea of privatized water and sewage services and street lighting. The leftists among local-government officials are most skeptically disposed toward privatization, an attitude which as can be readily seen is in line with the declaration of the central leftist leadership.

The local leftist councilmen also believe that municipal assets should be sold cautiously. They prefer to retain their ownership by the community. They would like to introduce higher taxes (their superiors [in the leftist governing coalition] have already done so), to increase public spending, and to assist [with subsidies] the enterprises already operating in their communities.

A Projection of the Future

The future of local governments hangs in the balance. It appears that, following the recent "recentralizing" measures of the central government, local authorities prefer "not to stand out" by showing initiative. It is somewhat likely that some business constituencies linked to the left will not complain about local-government stagnation, because their life will be made easier by friendly authorities. In a word, a climate is being born that is favorable to deals that might be honest but are not too open to public scrutiny.

On the other hand, it is likely that the tendency to streamline public spending, which is the essence of the local-government system, is going to evaporate.

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Alliance Agrees To Readmit Political Party

AU2012195294 Bucharest Radio Romania Network in Romanian 1800 GMT 20 Dec 94

[FBIS Translated Text] During its extraordinary meetingthis evening, the council of the Democratic Convention of Romania [CDR] unanimously accepted the National Liberal Party's [PNL] application to rejoin that alliance. In a statement to the press, CDR President Emil Constantinescu pointed out that the PNL has reasserted its wish to support the unity of the CDR-member liberal parties and, at the same time, the unity of the entire alliance by running on individual slates in future presidential, parliamentary, and local elections.

In turn, [PNL Chairman] Mircea Ionescu Quintus expressed his satisfaction with, quote, the return of the party to where it belongs, among the other genuinely democratic forces of Romania, unquote.

UDMR Leader Refutes Alleged Endorsement

AU2112113894 Bucharest EVENIMENTUL ZILEI in Romanian 16 Dec 94 p 4

[Report by Andra Aurora Manta: "Bela Marko"]

[FBIS Translated Text] Bela Marko, chairman of the UDMR [Democratic Union of Hungarians in Romania], yesterday convincingly pleaded in favor of Romania's unity. "The UDMR does not support the idea of Greater Moldova [the unification of the Republic of Moldova with Moldavia, a geographic region belonging to Romania] and reasserts its full consent to Romania's territorial integrity and unity," said Marko during a news conference.

The UDMR leader made this statement in reply to a statement recently made by Valentin Dolganiuc, head of the parliamentary faction of the Christian-Democratic Popular Front of Moldova [FPCDM], to the effect that the UDMR supports the idea of Romania's federalization. According to a report broadcast over the national radio—which was vehemently criticized by Marko—the FPCDM had refused to meet with the UDMR leaders because their Chisinau visit had negative political consequences for the Romanians living on both banks of the Prut River.

Mayor Calls for Tougher Stand Against HDUR

LD2012133894 Budapest Kossuth Radio Network in Hungarian 1200 GMT 20 Dec 94

[FBIS Translated Text] Gheorghe Funar, The mayor of Cluj-Napoca, famous for his attacks against Hungarians, has called on Bucharest policy makers to take a tougher stand against the Hungarian Democratic Union of Romania [HDUR]. According to Funar, the West should be warned about the danger to Europe that the HDUR represents. Funar also warned the Romanian leaders that, in his view, the Hungarians in Transylvania possess vast quantities of arms. He also demanded that the HDUR deputies in parliament not be allowed to give statements abroad unless they have taken an oath of loyalty in Bucharest.

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Carter Reads Out Cease-Fire Agreement

AU2012194894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 20 Dec 94

[FBIS Translated Text] At the end of his private visit in Bosnia-Herzegovina, Former U.S. President Jimmy Carter held a brief news conference at Sarajevo airport this afternoon:

[Begin recording] [Unidentified correspondent] At the beginning of his briefing of reporters this evening, Jimmy Carter said:

[Carter, in English with superimposed translation] We have achieved a complete agreement about the following:

First, a cease-fire throughout Bosnia-Herzegovina that will come into effect in 72 hours and that will be supervised by the UN Protection Force along all lines of separation.

Second, the beginning of negotiations on 23 December that should last until 1 January 1995 and result in an agreement on complete cessation of hostilities. This cessation of hostilities would last four months or longer, if both sides agree to it.

Third, the negotiations on a general peace agreement that would be based on the Contact Group proposal, as the Serbian side proposes, or on the acceptance of the Contact Group's proposal as the departing stance, as the Bosnia—Herzegovina Government insists. These negotiations will be held in a mutually acceptable locality under the auspices of the Contact Group and with the mediation of the negotiators proposed by the Contact Group and accepted by both sides.

Fourth, during this period, undisturbed movement of humanitarian convoys will be facilitated as well as the use of Sarajevo airport in accordance with the prevailing agreements.

Fifth, each side will be responsible for the total elimination and prevention of the use of artillery or any other arms within its zones.

Sixth, each side will be accountable for the protection of human rights within its zones. All people will have the right to live in the towns of their choice. International observers will have the possibility of supervising this.

Seventh, an exchange all prisoners under the auspices of the International Red Cross will be carried out as soon as possible.

[Unidentified correspondent] After reading out the statement, Jimmy Carter did not stay long with the reporters, explaining that he must leave Sarajevo at 1630 sharp. Thus, the news conference only lasted 10 minutes. [end recording]

Calls For Croatian Withdrawal

LD2012224694 Belgrade SRNA in Serbo-Croatian 2103 GMT 20 Dec 94

[FBIS Translated Excerpt] Sarajevo, 20 Dec (SRNA)—Former U.S. President Jimmy Carter said in Pale today that an agreement on an immediate and overall cease-fire on the territory of former Bosnia-Herzegovina had been reached with the Srpska republic leadership. [passage omitted]

Carter said that Muslim presence in the Igman demilitarized zone and the presence of units of the regular army of the Republic of Croatia in the northwestern part of former Bosnia-Herzegovina represented a major problem in reaching full accord.

"We call on the Muslim units to withdraw, but they justify their continued presence on Igman as protection of Sarajevo-bound humanitarian convoys," the former U.S. President said, and pointed out that "the Serbs have promised to let all convoys for Sarajevo through, and thus the Muslim explanation becomes groundless."

Speaking about the presence of regular forces of the Republic of Croatia's Army on the territory of former Bosnia-Herzegovina, Carter warned that, for the cause of peace, they should withdraw and stop taking part in the hostilities.

"However, it is very important that an agreement regarding this issue has been achieved with the Srpska republic leadership in Pale and the Croat authorities in Herzegovina," the former U.S. President pointed out.

After talks with Srpska republic president Radovan Karadzic, Carter left for Zagreb.

Politicians, Media Comment on Carter Mission

Izetbegovic Comments on Talks

AU2012195794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 20 Dec 94

[FBIS Translated Text] Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, held a news conference for foreign corrrespondents this evening at which he informed them of his talks with Former U.S. President Jimmy Carter. For this evening newscast, we have selected a part of the recording that we will broadcast entirely in the Chronicle of the Day program. Nedzad Leko reports:

[Begin recording] At the beginning of his briefing, President Izetbegovic explained the motives why he had accepted a visit by Former President Carter. He said that this visit had been accepted chiefly because Mr. Carter had said he was coming to Bosnia-Herzegovina in the interest of peace. Then President Izetbegovic specified the details of the talks:

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[Izetbegovic] The talks were carried out on 18 December and today and lasted three hours all together. We examined nearly all topical issues, starting with Bihac, Sarajevo Airport, the humanitarian issues, and naturally, the Contact Group peace plan. However, fundamentally, we discussed two issues. The first issue concerned a cease-fire and the second issue a political resolution, that is, the peace plan.

When Mr. Carter returned from Pale, he could have concluded that the following differences exist between us and Karadzic's Serbs regarding these two issues:

First, regarding the cease-fire, Karadzic's Serbs accept the cease-fire in general, while we demand an immediate cease-fire. Speaking about the Contact Group peace plan, Karadzic's Serbs are wiling to take it as the basis for the talks. We, however, demand a clear statement about the acceptance of the plan in order to negotiate further.

Comparing these stances, Mr. Carter concluded at a given moment that a difference was, in both cases, only in one single world, as he said. This may well be true. In the first case, speaking about the cease-fire, the word immediate is missing. In the second case, the word acceptance, regarding the plan, is missing. You will admit that these two words are not negligible.

There were also some less important differences, for example where these talks could be held. Karadzic preferred Geneva. We demanded that they take place at Sarajevo airport, and we shall insist on it.

After this, Mr. Carter travelled to Pale to try and harmonize these views, namely, as regards these [word indistinct] and the so-called two words. I do not know how much he has accomplished in this respect. [end recording]

Karadzic Demands Igman Withdrawal

LD2012212294 Belgrade SRNA in Serbo-Croatian 2003 GMT 20 Dec 94

[FBIS Translated Text] Sarajevo, 20 Dec (SRNA)—In a statement to SRNA, Radovan Karadzic, president of the Srpska republic, today hinted that a cease-fire agreement in former Bosnia- Herzegovina should go into effect on 23 December.

"If all necessary conditions are met—something that primarily refers to the withdrawal of Muslim units from the demilitarized zone of Igman and of the regular Croatian Army from the northeast area of the Srpska republic—there will be no obstacles to implementing the agreement as early as 23 December," Karadzic made clear.

According to the president of the Srpska republic, the cease-fire should precede a total cessation of hostilities across the entire territory of former Bosnia-Herzegovina.

Following the second round of talks today with former U.S. President Jimmy Carter, Karadzic again stressed that the Serbian side decided to return to the peace process only after the latest interpretation of the Contact Group plan presented by U.S. Ambassador Charles Thomas.

"We have been presented with a draft document on an immediate lifting of the sanctions which Yugoslavia imposed on the Srpska republic as well as of those the international community imposed on the Serbian people," Karadzic said in conclusion.

Mladic Assesses Mission

AU2012201094 Belgrade BORBA in Serbo-Croatian 20 Dec 94 p 2

[Report by Bozidar Droca: "It Is Important to Stop the War"]

[FBIS Translated Text] Pale—"We know that Former U.S. President Jimmy Carter is a very honest man who, I am convinced, is putting forward his enormous authority with the intention of stopping this war," General Lieutenant Ratko Mladic, commander of the general staff of the Srpska republic army, stated in Pale the night before last.

General Mladic emphasized that the Serbian side has already offered an agreement on the cessation of hostilities for a year at the highest level in Geneva, however, the opposite sides refused to accept it and proposed a sort of one month cease-fire, probably harboring high expectations for those offensives of theirs. Any initiative that is aimed toward the ending of the war and the continuation of peace on these territories deserves consideration. What is important is that the war ends, while political factors and diplomacy can continue day and night for five years if they wish. What is important is to end the war.

"I believe that the ending of the war is in the interests of all sides in the conflict. It is not only us, the Muslims, and Herzeg-Bosna who are involved in the conflict. The state of Croatia and its forces are present here, as are the Herzeg-Bosnian forces and the Muslim forces under Izetbegovic's control; and the forces of the federation of Muslims and Croats and the forces of Fikret Abdic are also present. The war has created an absurdity. The international community is helping the Muslims who are under the control of Alija Izetbegovic, while they are not at all interested in the Muslims led by Fikret Abdic, although these are the same people. Fikret Abdic is a man of democratic orientation and this probably does not suit them. Namely, through him they cannot realize some of the goals that they have planned for the Balkans," Mladic emphasized.

Mladic further stressed that these are merely the direct participants in the conflict, while some of them—such as Alija Izetbegovic and the Croatian forces—only form the front row of the countries that would like to accomplish their goals in the Balkans. The Balkans arouses interest now because the dilemma is whether it will become

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Islamicized or Germanized. Therefore, in the coming period, I foresee trends becoming even more blatant here. Many of these influences from the outside will be very visible, especially because the world crisis is galloping on and spreading and whether it can be controlled is questionable. Therefore, at the moment, I see this to be the responsibility of all people in political and diplomatic posts, and especially of the people in my realm. It is high time to put an end to this war.

"In this light," Mladic says, "I see the role of Mr. Carter: that he takes stock of the situation on the spot and objectively—not in the course of only one day or one meeting, but in a longer stay if need be—and, as a man of authority and reputation, puts it to the political factors who are making decisions: Will there be a war or not and what dimensions will it take? It is dangerous to play with war anywhere in the world, let alone Europe. Keeping in mind the strength of the arms and concentration of interests focusing on this small territory, we are open for serious negotiations at the highest level that will bear fruit to end the war, while controversial issues can be resolved over a shorter or a longer period of time. They should also be resolved so that all sides be treated equally and not that we be treated as the people who must be bombed by NATO air force. We should ask ourselves with which system or formation we have threatened any NATO member," Mladic concluded.

Silajdzic on Mission

AU2012164494 Ljubljana Radio Slovenia Network in Slovene 1430 GMT 20 Dec 94

[Report on telephone interview with Bosnia-Herzegovina Prime Minister Haris Silajdzic in Paris by reporter Aleksandr Mlac—passages within quotation marks recorded with superimposed translation into Slovene]

[FBIS Translated Text] While former U.S. President Jimmy Carter is strolling in Balkan capitals, Bosnia-Herzegovina Prime Minister Haris Silajdzic is visiting Paris. He is expected to meet with French Foreign Minister Alain Juppe today. The first question that our reporter Aleksander Mlac asked him over the phone referred to his expectations from this meeting:

"We will discuss ways to halt the aggression in Bihac, the aggression that has lasted for very long and that nobody is doing anything about to stop it. I am especially curious what France and the international community will do regarding the future development of events, especially when a bitter winter is knocking on our door. France may act at this moment because it is in the middle of an electoral campaign and the attitude toward Bosnia could influence the outcome of elections in this country."

The second question to Haris Silajdzic was his comment of the Balkan tour by former U.S. President Jimmy Carter:

"A Contact Group plan exists which the Bosnian side accepted. We expect that this visit will assist the activities connected to the realization of the peace plan. If this is so, then Carter's visit is welcome. However, if not, it will merely be another in a series of similar visits. I believe, though, that Carter's visit will be at least minimally successful."

Sarajevo Radio Critical

AU2112154994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 21 Dec 94

[Report by Nada al-Isa from Zagreb]

[FBIS Translated Text] During the Pale visit by the former U.S. president-cum-peace mediator, Jimmy Carter, Velika Kladusa, Bihac, and Cazin were shelled by remodeled aerial bombs. At the same time, Karadzic was offering Carter something that is allegedly a peace plan. The people in Bihac are wondering: Did Mr. Carter not understand that Karadzic does not fulfill his promises, he never has? All he wants is to gain time.

Bihac Mayor Hamdija Kabiljagic is asking: Why did not Mr. Carter come to Bihac? Why did he only go to Pale? Had he come to Bihac even for an hour, he would have seen the conditions in which 250,000 people are living. He would have seen all the kinds of missiles that the aggressor is firing from all kinds of long-range artillery pieces from the so-called Serb autonomous province of Krajina. Had he come to Bihac, Carter would have seen and felt the impact of aerial bombs of large destructive power, which the UN Protection Force says it does not know what they are. If he had come to Bihac, the new peace mediator would have realized what it is like when the aggressor is offering a peace plan. While Karadzic spoke about the peace plan, a dozen people were killed in Bihac and several dozen were wounded. An aerial bomb was fired at the hospital in Bihac, wounding 11 patients. Bihac hospital head physician Dr. Becir Pasic says: Mr. Carter should have seen how the patients are treated in the Bihac hospital, how the medical staff have nothing to help the patients with.

The neighboring Republic of Croatia is completely perplexed by the role of Mr. Carter, perhaps even more so than Bihac. They can hardly believe in Zagreb that the American trusts Karadzic, since everything he has offered in his alleged peace proposals Karadzic should have done a long time ago—stopped the aggression and opened the humanitarian roads. That is why Zagreb also believes that Karadzic only wants to gain time.

Zagreb TV on Talks

LD2012201394 Zagreb HTV Television in Serbo-Croatian 1830 GMT 20 Dec 94

[FBIS Translated Text] Despite continued negotiations linking Sarajevo and Pale, the Bosnian Serbs have been targeting Bihac with heavy artillery. In addition to this footage, there is also a report that four tanks dumped

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their load of ammunition on the suffering town. There are no reports of casualties. In the meantime, [autonomous province of western Bosnia leader] Fikret Abdic—flanked by his bodyguards—is visiting his head office in Kula near Velika Kladusa where, he notes, he used to talk about peace conditions in the past.

According to a report that Belgrade television has transmitted to the world via Eurovision, his arrival is being enthusiastically awaited in the town itself.

The world's attention, nevertheless, is still focused on Carter's visit to Bosnia. Today's story began over breakfast at the U.S. Embassy in Sarajevo in the presence of U.S. Army officers. The unofficial visitor, the ex-U.S. President, meets Alija Izetbegovic once again. Izetbegovic then agrees to the suggestion that a four-month cease-fire should go into effect immediately in Bosnia-Herzegovina.

[Begin Izetbegovic recording] ... that we would be ready to agree to further negotiations on the basis of acceptance of the contact group plan as the basis for talks. [end recording]

In order to dispel any confusion, allied warplanes based on the U.S. carrier Eisenhower have stepped up their presence in the sky over Bosnia. Unofficial representative Carter then again goes to Pale to tell Radovan Karadzic that his adversaries are ready for a cease-fire. For over 48 hours, agency reports have been indicating that both sides are ready for a cease-fire.

However, from Izetbegovic's point of view, the contact group plan is a transitional stage in the negotiations, whereas Radovan Karadzic regards it as a fundamental issue. This afternoon, Carter and Karadzic appear again. They think they have finished their job. Lawrence Eagleburger's recent statement that Carter was visiting a country the whereabouts of which he barely knew—let alone not knowing what he was going to find there—is not completely unfounded. It is being testified to by Jimmy Carter himself.

[Begin Carter recording, in English with superimposed Serbo-Croatian translation] There are a few modifications to the agreement we signed yesterday. I think these are good modifications. One of them is that negotiations on a total cessation of hostilities in Bosnia-Herzegovina will begin 23 December rather than on 27 December. Instead of 15 January, we have moved the closing date to 1 January, something that speeds up the entire peace process.

Today's most important achievement is reflected in the fact that the Serbian leadership, represented by Radovan Karadzic, has agreed that a total cease-fire should begin immediately, i.e. within about 72 hours, put into effect across all of Bosnia-Herzegovina on 23 December. It will be monitored by UN forces along all lines of conflict. This should put an end to all military activities. [end recording]

Carter does, however, see some problems in all of this. He is calling on Bosnian forces to withdraw from the Igman demilitarized zone. He claims that all humanitarian convoys will be reaching Sarajevo without difficulties, so the presence of soldiers of the Bosnia-Herzegovina Army is, therefore, no longer needed.

[Begin Carter recording, with superimposed Serbo-Croatian translation] I would also like to say that I am not here to persuade other leaders, but I believe that the Croatian forces based in northeast Bosnia-Herzegovina should withdraw from this country and stop participating in the hostilities. This is very important because the Croatian Government is not duty-bound by the agreement regarding the cease-fire reached with the Bosnian authorities in Herzegovina and the Pale authorities.

I would like to express my opinion—because I am working for peace here—that the Croatian forces should withdraw from this country. [end recording]

SRNA on Carter Initiative

LD2012172794 Belgrade SRNA in Serbo-Croatian 1410 GMT 20 Dec 94

[Commentary by Zeljko Grujic: "THE OTHER SIDE OF THE STORY—Carter's statement that 'the American people for three years have mainly been listening to one side of the story on Bosnia' indicates without doubt that Washington has come to the revisionist conclusion that the Serbs are ready for a compromise that would lead to the final conclusion of a peace agreement."]

[FBIS Translated Text] Sarajevo, 20 Dec (SRNA)—The mediator role of Jimmy Carter in the former Bosnia-Herzegovina was to some extent revealed only last night after nine hours of talks in Pale, which ended with the signing of a preliminary and unilateral four-month cease-fire agreement, as the first condition for the resumption of the peace process on the basis of the Brussels variant of the Contact Group plan.

After the talks in Pale it is clear that behind Carter's mission there lies a completely new strategic approach by the White House, the Pentagon, and the State Department to the conflicts in the former Bosnia-Herzegovina and ways of resolving them. There is no doubt that with the involvement of Carter, Clinton's Democrats have again taken the initiative in devising foreign policy from the aggressive Republicans and Islamic lobbyists in the U.S. Congress, Bob Dole and Newt Gingrich, who based their stereotypical strategy on the military defeat of the Serbs.

It should be stressed that Carter is the first U.S. politician during the three-year war in the former Bosnia-Herzegovina to have talked to the Serbs in a different—one might say softer—language than that used by Washington prior to his appearance.

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Carter's statement that "the American people have for three years been listening mainly to one side of the story on Bosnia," without doubt indicates that Washington has come to the revised conclusion that the Serbs will not accept the arguments of force, but that they are prepared, on the basis of equality of treatment, to accept certain compromises that might lead to the final conclusion of a peace agreement.

After the talks in Pale it is clear that Carter accepted on his mission the to some extent restrictive instructions of the White House, the United Nations, London, and Moscow that in his actions he should not overstep the Brussels framework of the Contact Group plan.

Therefore, Carter is the personification of the new U.S. approach, above all to the demands of the Serbian side, and thereafter to the whole conflict in the former Bosnia-Herzegovina.

Carter's timetable of steps is as follows: The signing of a cease-fire agreement on the basis of a tolerable compromise between the warring parties, the inclusion of the Srpska republic [RS] in the negotiating process on an equal footing with the Croat-Muslim Federation, the creation of conditions for bilateral talks on the maps and constitutional arrangements under the auspices of the United Nations, the European Union [EU], the U.S. and Russia, and the strengthening of the role of UNPROFOR [UN Protection Force]. All this should—viewed in terms of causes and effects—result in the lifting of the sanctions against the RS and the FRY, and the signing of a final peace agreement for the former Bosnia-Herzegovina.

The success of Carter's mission, following what he said at Pale, is becoming much more certain because he took as his starting point the demands of the Serbs and listened to them carefully, while all the efforts of previous peace mediators, both those sent by the EU and those sent by the United Nations, failed precisely because of the standpoint—deficient in terms of law and history—that the Serbs are the aggressors and the Croats and Muslims the victims and exponents of the rule of law in the former Bosnia-Herzegovina.

The significance of Carter's visit is also reflected in the fact that it has broken the political isolation of the RS, and that it came about as a result of the invitation of President Radovan Karadzic, which contained an outline of the preliminary agreement that was signed last night.

In any event, the real results of Carter's consultations in Zagreb, Sarajevo, and Belgrade and the agreement signed in Pale, and the power of his authority as a negotiator, will be revealed very soon, as early as between 27 December and 15 January, when it will finally be known whether the Croat-Muslim Federation will accept the former U.S. president as a new, perhaps crucial, personality in the resolution of the crisis in the former Bosnia-Herzegovina.

TANJUG Views Mission

LD2112135594 Belgrade TANJUG in English 1250 GMT 21 Dec 94

["Pool" item]

Belgrade, Dec. 21 TANJUG—Initiatives leading towards a ceasefire in Bosnia and based on the 'Contact Group' plan cannot do any harm, diplomats in Belgrade said on Wednesday [21 December].

Former U.S. President Jimmy Carter on Monday and Tuesday visited Zagreb, Sarajevo, Pale and Belgrade where he met with Croatian President Franjo Tudjman, Bosnian Muslim leader Alija Izetbegovic, Bosnian Serb president Radovan Karadzic and Serbian President Slobodan Milosevic. Diplomats in Belgrade said that the success of Carter's initiative depended to what extent it will coincide with the Contact Group plan for Bosnia.

In view of the fact that the United States is a member of the Contact Group (together with Russia, Great Britain, France and Germany) and that it is hard to believe that Carter is acting independently, his mediation mission has a chance of success.

This conclusion is also based on a statement by Milosevic, made after his talks with Carter on Tuesday evening, that 'Mr. Carter's presence undoubtedly expresses the peace orientation of the United States and of President Clinton.'

Uncertainties as to the relations between Carter's mediation mission and the Contact Group will most probably be resolved on Wednesday when the Contact Group representatives meet with Yugoslav and Serbian leaders.

Foreign analysts say that Carter's approach to possible solutions to the Bosnian conflict differ somewhat from the Contact Group plan. The Contact Group has so far insisted that all warring sides in Bosnia first accept its plan and then meet for talks. Carter primarily aimed to obtain agreement about a ceasefire and a start of talks as soon as possible regardless of the fact that the Bosnian Serbs have not accepted the Contact Group plan. The Bosnian Serbs have failed to accept the Contact Group's territorial division of Bosnia which gave 51 percent of the territory of the Muslim-Croat Federation and 49 percent to the Bosnian Serbs. The Bosnian Serbs, who currently control 70 percent of Bosnia, believe this would affect both the quantity and quality of their territories because the claim that the major natural and industrial resources have been given to the Muslim-Croat Federation.

Belgrade says that at this moment of the greatest importance is that the international community has come to understand that the Bosnian crisis cannot be resolved by a military option.

Yugoslavia has also urged this since the very start of the Yugoslav crisis.

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Carter's achievements on Tuesday in Sarajevo and Pale should not be underestimated. The real results of his mediation mission will be apparent in a few days.

Currently, only one basic question remains to be answered - will the warring Bosnian sides agree to a four month ceasefire.

Sarajevo Radio Sums Up Combat Situation 21 Dec

AU2112130794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1100 GMT 21 Dec 94

[FBIS Translated Excerpt] The Serbian-Montenegrin aggressor yesterday carried out artillery attacks on the Kupres part of the front in the 7th Corps' theater of operations. On the Vlasic part of the front, the chetniks fired antiaircraft and infantry weapons. The Turbe part of the front was also targeted by the aggressor's artillery. This morning, there was shooting from antiaircraft, infantry, and occasionally from artillery weapons. The chetniks' artillery attacks on civilian targets were also reported yesterday in Travnik and Bugojno. The lines of our defense are firm and stable. This was reported by Razija Mehic from the Press Center of the 7th Corps.

The aggressor artillery yesterday also attacked the defense lines of the 3d Corps Army of the Republic of Bosnia-Herzegovina and the town of Maglaj and its outskirts. These were attacked with tanks, howitzers, and 120-mm mortars. [passage omitted]

The free Brcko territory found itself under fierce artillery fire of the Serbian-Montenegrin aggressor late afternoon yesterday. The chetniks targeted exclusively the civilian areas deep inside the free territory with 122-mm howitzers and tanks. According to the initial reports, there were no civilian casualties. All our defense lines are firm and stable. This was reported by Hamid Deronjic and Nijaz Salihovic.

Last night, the Serbian-Montenegrin aggressor attacked fiercely the free territory of Kladanj. It fired dozens of projectiles from a 105-mm howitzer and a T-55 tank on the town and our defense lines. This morning, the aggressor is firing mortars, antiaircraft weapons, and [word indistinct] on our positions in the theater of operations in the (?Five) East Operations Group. This was reported by (?Munir Reho).

The chetniks continue to attack the demilitarized zone of Srebrenica. In addition to daily attacks with antiaircraft and infantry weapons, and occasionally with artillery, the chetniks are again trying to shift the front line. This morning, a fairly large group of chetniks entered the protected zone and consolidated a new line. [passage omitted]

On the Sarajevo front, the aggressor fired small arms overnight along the defense line of the fighters of the 1st Corps of the Army of Republic of Bosnia-Herzegovina. The aggressor fired several grenades from Grbavica on the Vrbanja Most area. [passage omitted]

Bihac 'Somewhat Quieter'

AU2112115094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1100 GMT 21 Dec 94

[Report by Muhamed Mulic]

[FBIS Translated Text] After the fierce shelling of Bihac by the aggressor yesterday, the fronts in the theater of operations of the 5th Corps of the Bosnia-Herzegovina Army are somewhat quieter today. The reason is bad weather in this part of Bosnia-Herzegovina and heavy snow.

The consequences of the aggressor's bestial attack yesterday on Bihac and its outskirts with all types of artillery weapons and four surface-to-surface missiles are indeed tragic. Five civilians were killed and 47 wounded, either slightly or more seriously.

The aircraft bombs that were converted into surface-to-surface missiles, which were activated over the protected area with the help of parachutes and a specially built fuse, destroyed entire settlements. Only one missile that landed in the center of Bihac left 1,000 residents homeless. More than 200 family homes were destroyed. All these attacks came from the UNPA [UN Protected Area] in the so-called Serbian Krajina and the occupied areas in the Bihac region.

In addition to firing four destructive missiles, the joint aggressors also fired more than 50 mortar, howitzer, and tank shells on the center of Bihac. All these attacks and the chetniks' rage in the Bihac protected zone happened in front of the UN Protection Force military observers.

Reports Advance in Srebrenica

AU2112161894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 21 Dec 94

[Report by Dino Capic from Srebrenica]

[FBIS Translated Text] From their stronghold in (Derventa), the chetniks fired three 82-mm mortars at the area of Podgaj. From (Pribisevac), the aggressor fired with anti-aircraft guns and machine guns at the center of Srebrenica. Fortunately they were no casualties. In the area of (Sivsa), the chetniks moved their lines forward into the protected zone, toward Hrastik.

The UN Protection Force has not reacted, as usual, to these enemy activities. We get the impression that its passivity represents silent approval of the actions by [Srpska republic leader Radovan] Karadzic's Serbs.

Croatian Tanks Reported in Grahovo-Glamoc Sector

LD2012233294 Belgrade SRNA in Serbo-Croaitan 2003 GMT 20 Dec 94

[FBIS Translated Excerpt] Sarajevo, 20 Dec (SRNA)—Croatian forces deployed near Bosansko Grahovo and

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Glamoc are preparing a fresh offensive aimed at capturing these towns, SRNA has learned from sources close to the main headquarters of the Srpska republic army.

Regular forces of the Republic of Croatia—the 4th Guard Brigade from Split, the 125th Brigade from Sinj, and the Armoured Brigade from Pazin have been deployed in the Grahovo-Glamoc sector of the front since the beginning of the offensive—have been reinforced by a unit of 40 tanks.

The Croats will use these forces in an attempt to advance toward Glamoc and Grahovo from the direction of Livno. This area is considered to be very suitable for tank operations, Serb sources warn. [passage omitted]

Muslim-Croat Relations Deteriorating in Brcko

LD2012201494 Mostar Croatian Radio Herzeg-Bosna in Serbo-Croatian 1700 GMT 20 Dec 94

[FBIS Translated Excerpt] After the Croats from the Brcko area recently established a Croatian municipality in line with the Muslim-Croat federal Constitution, the Muslim authorities of the Brcko municipality have been exerting pressure and even provoking some incidents. Our reporter tells us what is really happening in the area.

[Correspondent Tihomir Bijelic] During the entire homeland war the Brcko area was one of the areas in northern Bosnia in which no Muslim-Croat clashes were registered. Something changed after Ravne-Brcko was set up. Tihomir Bijelic reporting for Herzeg-Bosna Radio.

In its regular report to the Presidential Council of the Croat republic of Herceg-Bosna and the HDZ [Croatian Democratic Union] leadership, the Ravne-Brcko Municipal Council says that the situation in this Posavina municipality is deteriorating.

The Republic of Bosnia-Herzegovina has invested 560,000 German marks in the reconstruction of the devastated village of Cerik, inhabited by the Serbs before the war, and now a part of the Croatian local community of Dubrave [Ravne-Brcko]. The Bosniak representatives insist on spending the money on Cerik and accommodating Bosniak refugees in the village.

The head of the Brcko council has sent a demand to the Ravne-Brcko Municipal Council that the sign on the building of the Ravne-Brcko municipality be removed. If it is not, then the Brcko municipal authorities will do so. The same representative also sent a demand to the school authorities in the Ravne—Brcko municipality. It is demanded that all schools in the area introduce Bosniak educational programs and get rid of books donated by the Croat republic of Herceg-Bosna and the Republic of Croatia. [passage omitted]

What can we say in conclusion? The Bosniak school curriculum offers history from the Bosniak viewpoint. The language is not even similar to Croatian, not to mention religion and other current issues. The Federation will work only if the peoples are equal in everything. If we could be allies during the war let us be allies now when it is most needed by both Croats and Bosniaks. Serbs can hardly wait for something like this to happen.

Karadzic Invites Akashi, Rose to Pale

LD2112130994 Belgrade TANJUG Domestic Service in Serbo-Croatian 1232 GMT 21 Dec 94

[FBIS Translated Text] Pale, 21 Dec (TANJUG)—Today Srpska republic president Radovan Karadzic invited the top UN representatives in the former Yugoslavia to an urgent meeting and talks on implementing the agreement reached by the Serbian leadership and former U.S. President Jimmy Carter yesterday and the day before [19-20 December], the office of the president of the Bosnian Srpska republic has announced, agencies report.

Karadzic invited Yasushi Akashi, the UN secretary general's special envoy, and General Michael Rose, UNPROFOR [UN Protection Force] commander in Bosnia, to talks in Pale so the implementation of the Bosnia cease-fire agreement can begin as soon as possible.

The agreement reached during Carter's visit to Pale envisions that once the cease-fire goes into effect, scheduled for Friday [23 December] at 1200, negotiations on an overall four-month cessation of hostilities should follow. This agreement has also been accepted by the Bosnian Muslims.

Radovan Karadzic stresses in his invitation to Akashi and Rose that this good opportunity to reach a final peace, created by Carter's mediating mission, must not be missed.

ICRC Ready To Oversee Prisoner Exchange

AU2112141594 Paris AFP in English 1344 GMT 21 Dec 94

[FBIS Transcribed Text] Geneva, Dec 21 (AFP)—International Red Cross officials said Wednesday [21 December] they had asked both sides in the Bosnian conflict to move ahead with a prisoner exchange, in line with statements made by Jimmy Carter the night before.

Spokesman Pierre Gauthier for the International Committee of the Red Cross (ICRC) said the exchange would involve "several hundred prisoners".

Former U.S. President Carter, after shuttling back and forth between Sarajevo and the Bosnian Serb stronghold of Pale, said Tuesday night that he had won Serb agreement for a four-month nationwide cease-fire beginning Friday that, among other points, would include a rapid exchange of prisoners under ICRC auspices.

"The ICRC sincerely hopes that all the parties in the conflict will provide all the necessary facilities to carry out this operation quickly," said Gauthier.

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He stressed that though "more than 900 prisoners were already registered with the ICRC" in Bosnia, the Red Cross did not know all the locations where prisoners were being held.

The ICRC "has taken note of the will of the parties to free all their detainees and stands ready to organize their simultaneous release after meeting with them to discuss their destinations."

The ICRC said it continued efforts to help civilians trying to flee fighting in Bosnia-Herzegovina. This included 24 tonnes of emergency food and supplies for some 3,000 women, children and old people who fled Gamoc near Kupres in southwestern Bosnia.

The ICRC has continued supplying surgical equipment to the hospital in the embattled northern Moslem enclave of Bihac, which has been hit with a Serb attack for more than a month, though it warned reserves were low and it was impossible to get in new supplies.

UN Resumes Aid Flights to Sarajevo

LD2012184194 Belgrade TANJUG in English 1819 GMT 20 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 20 (TANJUG)—After a one-month break, aid flights to Sarajevo were resumed on Tuesday [20 December].

United Nations High Commissioner for Refugees official Kris Janowski said in Sarajevo on Tuesday that a British aircraft had landed at Sarajevo airport, and that an American and a Canadian plane were expected to land by the end of the day, foreign agencies reported.

Aid flights were stopped on November 19, after NATO air-strikes on villages and towns of Bosnian Serbs in northwest Bosnia.

Bosnian Serb President Radovan Karadzic in his interview to CNN on December 13 announced the reopening of Sarajevo airport.

Abdic: Refugees To Return to Velika Kladusa

LD2012162294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1522 GMT 20 Dec 94

[FBIS Translated Text] Banja Luka, 20 Dec (TANJUG)—Fikret Abdic, president of the autonomous province of western Bosnia, said at a news conference in Velika Kladusa that at the moment the main aim of Western Bosnia was to liberate the whole of its territory and to enable people to return with as few casualties and as little destruction as possible.

"Western Bosnia existed, exists, and will continue to exist as an organized and modern state which even much more developed countries in the world will envy", Abdic said.

He specified that the liberation of Velika Kladusa "did not mark the end of the process of liberating Western Bosnia; a brief one-day break is a concession to the Sarajevo authorities which were given breathing space to carry out necessary consultations and try to prevent unnecessary losses in future fighting."

According to Abdic, people from refugee camps will begin an organized return to their homes in seven days.

"Turanj will have priority", Abdic said and added that this will show the international public that "we are not destabilized, that our withdrawal was not aimed at passing through Croatia and destabilizing Croatia, and it was not meant as a shield for the Serb army to enter Croatia near Karlovac". [sentence as received]

By giving priority to Turanj, Abdic went on to say, "we will show to everyone that our exodus was not a result on any scheming in Belgrade or Pale, but that it truly was an exodus before the crimes committed by the 5th Corps and the Sarajevo authorities".

Commenting on the contacts he had with representatives of international organizations, Abdic said that he requested from them to do everything to create as favorable conditions as possible for the return of refugees.

Abdic stressed the lack of cooperation on UNPROFOR's [UN Protection Force] part and the fact that UNPROFOR's spokesman "presents only the information that he receives from the Sarajevo authorities".

Izetbegovic Meets With Iranian, FRG Ambassadors

AU2012202994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 20 Dec 94

[FBIS Translated Text] Carter's mission in Bosnia-Herzegovina was also discussed during the meetings of President Izetbegovic with Iranian Ambassador to Bosnia-Herzegovina (Mohammad Ibrahim Taherian) and German Ambassador Johannes Preisinger.

Ambassador (Taherian) informed President Izetbegovic about the visit of the Iranian transport and communications minister to Bosnia-Herzegovina and the tripartite talks of the Bosnia-Herzegovina, Croatian, and Iranian sides about the promotion of cooperation in the sphere of transport and communications.

During the meeting with German Ambassador Johannes Preisinger, President Izetbegovic presented our demands regarding the opening of Sarajevo airport for humanitarian flights, the free passage of humanitarian aid convoys, the liberation of all prisoners, and the full observation of human rights on the Bosnia-Herzegovina territory.

HVO General Discusses Achievements, Plans

AU2112093894 Split SLOBODNA DALMACIJA in Serbo-Croatian 12 Dec 94 p 5

[Interview with Major General Tihomir Blaskic, chief of General Staff of the Croatian Defense Council [HVO],

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by Dragan Marijanovic; place and date not given: "The Croatian Areas Have Been Liberated by—Croats"]

[FBIS Translated Text] The fierce clashes between the Croatian Defense Council and the occupying Serbian forces along the front line connecting Kupres, Livno, Glamoc and Grahovo, and the success the Croatian Defense Council has had in these battles have "launched" General Major Tihomir Blaskic, the chief of General Staff of the Croatian Defense Council, into the position of the key officer of the Croatian forces. There are many reasons for talking with him about what has happened and about the present and the future events on this "hot" ground.

[Marijanovic] We have noticed that the clashes have become less intense during the last 70 hours. What is going on now?

[Blaskic] Our units are liberating the front line between Kupres and Livno and their actions are primarily aimed at retaining the lines that have already been reached. Apart from that, preparations are made for further defensive and offensive actions.

We are regrouping our units so that our lines will soon be closed, thus enabling us to defend the historical Croatian area. We have made sanitary improvements on the whole liberated area in order to prevent possible infectious diseases. It has to be borne in mind that combat activities were performed on difficult ground requiring enormous psychological and physical efforts from our soldiers so that we had to engage new soldiers for the clashes.

Apart from that, it need not be pointed out that the weather here is horrible for waging war, but nothing can prevent us from completing the tasks we have planned to complete.

[Marijanovic] The lines the Croatian Defense Council have reached surprised even the biggest optimists. Bearing in mind the Kupres front line and the "Cincar" operation, can you tell us how many square kilometers the Croatian Defense Council has liberated so far?

[Blaskic] We have liberated over 800 square kilometers. We have succeeded primarily owing to the high motivation of our soldiers. They were highly motivated during the operations because they fought for a just aim. We have realized that freedom can be achieved in this area only if we fight for it ourselves. As the commander in chief I must say that I am proud of our commanders and officers because they developed mutual confidence in the latest heavy battles. Especially the commanders of our elite units can be proud of the confidence they enjoy among their officers. The best proof of what I am saying is the fact that the number of our victims is relatively small compared to the length and type of clashes.

Serbs Are Silent About the Defeat

[Marijanovic] There are people who think that the biggest Serbian defeat in this war has occurred here. Do you think that the Serbs will reconcile themselves to it?

[Blaskic] I think that a large majority of Serbian soldiers will have to reconcile themselves to this defeat. They have to know that it is a Croatian area we have liberated, and that we shall go on liberating all the areas they occupied in 1992. The morale of their average soldier has considerably weakened. I therefore think that their politics will use the mouths of their soldiers and commanders in order to tell their people not about their defeat but about carrying out a kind of "elastic defense." This is how they will justify their defeat before their people.

Our units have, however, completely performed their tasks so far, and we are ready for a counterattack, which could begin after certain military activities in the greater Bihac area have been performed.

[Marijanovic] On which combat lines do you expect that they could try to perform a counterattack?

[Blaskic] They will first try to prevent our advances along the Livno and Glamoc Fields. They might also attack from the direction of Glamoc, across the mountain range there toward Kupres. We are ready for such an attack on all lines.

[Marijanovic] The Croatian Defense Council has stated that the Serbs from the occupied Croatian areas and from the so-called Yugoslavia are fighting together with Karadzic's Serbs. What can you tell us about this?

[Blaskic] There is enough proof. The military power of the so-called Srpska republic army is too weak to be able to perform operations of this scale. Apart from that, they will certainly decide to resume their activities in this area after the military events in the Bihac pocket are "completed." We also heard what the soldiers we arrested said, so it is clear to us that their military activities are coordinated with the Serbs from the so-called UN Protection Areas in the Republic of Croatia, who, by participating in them, violate all agreements and obligations they took on before the international community and before the official Croatian authorities. It must be obvious for everybody that they have decided to try to solve all political and other problems by military means.

We Are Cooperating With the Army of Bosnia-Herzegovina

[Marijanovic] The Bosnian Serb leadership was silent about the military defeat in this area for almost two weeks. After that they started accusing the Croatian Army of participating in the clashes. A French television station was quick to inform the international community about the alleged presence of "a Croatian Army brigade" on the Livno front line.

[Blaskic] The units active here belong exclusively to the Croatian Defense Council. I can say with full responsibility that there are no Croatian Army units here. If there were Croatian Army units here, we would have come much farther than to the lines we have reached with our units.

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[Marijanovic] What does this Croatian Defense Council success practically mean for the Federation of Bosnia-Herzegovina?

[Blaskic] It is yet another confirmation of the sincere Croatian intention to act according to the Washington Agreement. We began to liberate Kupres at the moment when we saw that the Serbian side stubbornly refused to make even a vague hint that a peaceful solution is possible. We waited for this famous 15 October to come, which was then extended to 30 October, hoping that a peaceful solution would be reached, but the Serbian side did not respect the deadline and we had to start military actions. We are only fulfilling the obligation our side undertook by signing the agreement with the Muslims, which will certainly influence the reestablishment of respect between the Croatian Defense Council of the Croatian republic of Herzeg-Bosnia and the Army of Bosnia- Herzegovina.

[Marijanovic] How would you comment on the recently expressed "astonishment" of Mr. Kasim Trnka, the Bosnian ambassador to Croatia, over your statement that the Croatian Defense Council would fight only for those places the Croats are interested in?

[Blaskic] I do not see any reason for astonishment. The Bosnian Croats have become an important political factor. They have become aware of their obligations and historical responsibility. Our units are especially aware of the fact that they must liberate those areas that have belonged to us over the course of history so that we have "announced" their liberation. We have said that we shall fight on our own lines, but that our actions will be coordinated with those taken by the Army of Bosnia-Herzegovina. I really do not think that anybody else should have liberated the Kupres and the Livno Fields but us, nor do I expect anyone to join us in liberating other Croatian areas.

[Marijanovic] You have to admit, however, that after Kupres had been liberated, it was publicly stated that the actions of the Croatian Defense Council and the Army of Bosnia-Herzegovina would be synchronized in the future, too. Your units are not coming closer to the Army of Bosnia-Herzegovina units on the Bugojno front line, however. Is this true?

[Blaskic] It is true that the advance of our units toward the Army of Bosnia-Herzegovina units is not as visible as was expected. We are taking synchronized and coordinated actions, though. I can assure you that our actions are especially efficient on those lines where the Croatian Defense Council units and the 7th Corps of the Army of Bosnia-Herzegovina meet. I expect results to improve soon.

There Is Enough Work for Everyone

[Marijanovic] What do you think about the announced possibility that the United Nations might withdraw from Bosnia-Herzegovina, and will this, if it happens, significantly influence the military situation?

[Blaskic] I do not think that it will come to this withdrawal very quickly because the withdrawal itself is a complicated military operation. In any case, if the weapons embargo is lifted from the Croatian Defense Council, a possible UN Protection Force withdrawal should not be considered tragic.

[Marijanovic] The Croats will obviously celebrate Christmas in the trenches again. Some will not, however. What would you like to tell all those who continue to avoid the obligation to join the army and are living in Croatia or in some other part of the world now?

[Blaskic] I would like to greet them all and tell them that if they do not have the courage to join us in the trenches, there are other tasks they can perform. They could, for example, replace us in taking care of our wounded soldiers, who are being treated in hospitals all over Herzeg-Bosnia, in Croatia and abroad, they could visit our disabled soldiers as well as the families of the soldiers killed in this war, at least now in the Christmas season. I expect them to finally realize that the clashes here are of historic importance so that they start joining our units. It is clear that we take care of our soldiers, inexperienced and untrained people are not given difficult tasks. There is other respectable work for them, too.

Serbian Party Defends Yugoslav Actions

AU2012180394 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 20 Dec 94

[FBIS Translated Text] At today's news conference in Banja Luka, the Socialist Party of the Srpska republic presented its views on the peace process, and the humanitarian aid that Serbia has sent to the people in the Srpska republic since the introduction of the blockade on the Drina River.

Branislav Bozic reports:

[Begin Bozic recording] The war has to be stopped, and the struggle for the achievement of the interests of the Serbian people has to continue by diplomatic means, particularly after the latest interpretations of the Contact Group plan. In that sense, we support the peace initiative by Jimmy Carter, but only if his activities are in accord with the views of the international community, presented through the Contact Group.

This is the essence of the views presented today by the Socialist Party of the Srpska republic to the reporters. At the same time, full support was given, as was said, to the peacemaking and realistic policies of Serbian President Slobodan Milosevic. It was stressed that there were people in the Srpska republic that were spreading the illusion about the Srpska republic being an independent state. It was said that, at the referendum in November 1991, the Serbian people had decided to live in Yugoslavia, so the local Socialists believe that there can be no turning back from a confederal or some other form of ties with the FRY.

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The frequent visits by opposition parties' leaders from Serbia and Montenegro to the Srpska republic are frequently confusing, the Socialists say, stressing that all kinds of promises are issued too frequently about help from friends in the world, while at the same time the traitor regime in Serbia—as the opposition call it—is under attack.

Dr. Dragutin Ilic, chairman of the Socialist Party of the Srpska republic, gave a few examples today to show that this was not the case. Among other things, he mentioned the fact that, since the introduction of the Drina blockade on 4 August this year, Serbia had sent the people in the Srpska republic humanitarian aid of 15,000 metric tons of food, medicine, clothes, and footware. It had also sent 1 million school books as aid, and still—who knows why—not all the children of the killed soldiers received these school books for free. [end recording]

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Akashi: Zagreb-Belgrade Highway To Reopen

AU2012165294 Paris AFP in English 1608 GMT 20 Dec 94

[FBIS Transcribed Text] Zagreb, Dec 20 (AFP)—The motorway linking Zagreb to Belgrade, closed since war broke out following Croatia's 1991 independence declaration, is to reopen Wednesday, a top UN official said Tuesday [20 December].

Special envoy to the former Yugoslavia Yasushi Akashi, said the UN Protection Force would open the motorway to traffic and would patrol the road link as of 2 p.m. (1300 GMT).

The reopening of the 370-kilometer (230 mile) motorway follows an economic agreement recently signed by Croatian authorities and breakaway Croatian Serbs.

Control of the motorway, part of which was held by Croatian Serbs, will be handed over to UN civil police and European Union observers, Akashi said.

TANJUG: U.S. Asked Croatia To Arm Muslims

LD0310224394 Belgrade TANJUG in English 2040 GMT 3 Oct 94

["Pool item"]

[FBIS Transcribed Text] New York, Oct. 3 (TANJUG)—The United States last week asked Croatia to arm Bosnian Muslims in exchange for their agreement to postpone their exemption from the arms embargo on former Yugoslavia.

The statement given to TANJUG by diplomatic sources at the United Nations headquarters Monday [19 December] was confirmed to western reporters by Croatian diplomats in New York.

It was not specified whether U.S. President Bill Clinton had asked this of Croatian President Franjo Tudjman during their meeting in New York last week, or if the proposal had been made at some other level.

The sources said that the United States had not been willing to pay for the weapons or transportation costs. As a result, the Croats got angry and rejected the U.S. proposal, the sources said.

Croatian diplomats gave as additional reasons for the rejection the fact that Croatia itself did not have sufficient weaponry. They also said they did not trust the Muslims.

The United States threatened to exempt Bosnian Muslims from the arms embargo on former Yugoslavia if Bosnian Serbs failed to accept the "contact group" map on Bosnia's division by October 15.

After a year of heavy fighting, Muslims and Croats signed an agreement on forming a binational federation in Bosnia-Herzegovina in Washington in March this year, under strong pressure from the United States. Under the agreement, the Federation would subsequently enter into a confederation with Croatia.

Both Muslim and Croat sources confirm that things are functioning far from well in the new federation. The sources report about increasingly frequent Muslim-Croat clashes, especially in central Bosnia.

UNPROFOR Confirms Sale of Fuel to Serbs

AU2112112994 Paris AFP in English 1120 GMT 21 Dec 94

[FBIS Transcribed Text] Zagreb, Dec 21 (AFP)—UN Protection Force [UNPROFOR] officials conceded Wednesday [21 December] that some UN peacekeepers have been selling fuel to separatist Serbs in Croatia's Krajina region, but dismissed allegations of other illicit activity by UN troops there.

UNPROFOR's statement was issued to answer allegations by the Croatian Government, notably that UN troops were supplying gasoline to Serb secessionists in Krajina, where Serbs in revolt against Zagreb control their own self-proclaimed "republic".

The area is a UN protected area where peacekeepers are stationed to try to keep tension from flaring.

"UNPROFOR takes this opportunity to reaffirm that all allegations submitted by the Croatian Government, and by other bodies, are taken very seriously and have been rigorously examined," the statement said.

It said the allegations "covered serious charges, including black marketeering, organized prostitution and other illicit activities."

But after a probe by special UNPROFOR inspectors and UN civilian and military police "no evidence has been found with regard to most of the allegations regarding the United Nations Protected Areas (Krajina) with the exception of the misappropriations of fuel," it said.

Krajina Serbs have been accused of helping Bosnian Serbs, notably in the battle for the northern Bosnian Moslem enclave of Bihac.

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Parliament Elects New Coalition Government

LD2012202794 Belgrade TANJUG Domestic Service in Serbo-Croatian 1919 GMT 20 Dec 94

[FBIS Translated Text] Skopje, 20 Dec (TANJUG)—The parliament of The Former Yugoslav Republic of Macedonia this evening elected a new coalition government led by the hitherto prime minister, Branko Crvenkovski.

This was as expected, and the only surprise is that the Liberal Party, although it is a coalition partner in the cabinet and has the second largest number of deputies, abstained.

The Liberals did this because Crvenkovski did not want to renounce one candidate for a ministerial post who recently signed the declaration on the opening of a "university" of the Albanian minority in Tetovo.

The founding of the "university" was otherwise officially assessed as "illegal and unconstitutional."

Since voting for the government is done "as a package," the Liberals abstained, warning that the election of the new cabinet "opens the door to a great extent to all kinds of unconstitutional actions."

Seventy-one deputies voted for the coalition cabinet, two were against, and 25 abstained. The parliament has 120 deputies and, according to the Constitution, the mandator [prime minister] requires only a simple majority.

The government is made up of four parties—the Social-Democratic Alliance of Macedonia, the Liberals, the Socialist Party, and the Party of Democratic Prosperity (PDP), which draws its support from members of the Albanian minority.

Crvenkovski (32) was first elected prime minister in 1992.

Greek Leftist Leader Supports Bilateral Talks

NC2012193594 Athens ELEVTHEROTIPIA in Greek 20 Dec 94 p 7

[Report by correspondent Takis Dhiamandis from Skopje]

[FBIS Translated Excerpt] The issue of unconditional direct talks between Greece and Skopje [The Former Yugoslav Republic of Macedonia] regardless of Greece's economic measures was raised yesterday at the meeting between Nikolaos Konstandopoulos, chairman of the Coalition of the Left and Progress, and Skopjean Foreign Minister Stevo Crvenkovsky.

Konstandopoulos raised the issue himself and after the meeting told reporters: "It is decisively important for the two countries to talk directly at all levels. Talks and direct coordination would better utilize the mediation procedures within the UN and European Union [EU] framework." He added that for this reason his visit to Skopje, which is the first visit of a Greek political party chairman to this country, constitutes a daring step that he believes will open the way for future developments.

He stressed that the climate in bilateral relations must change. Specifically, flexibility in approaches to each other must follow a muting of the rivalry, and trust must follow distrust. He said: This is why the Coalition of the Left and Progress wants to undertake initiatives toward this direction.

Konstandopoulos also clarified that a "climate of trust can be formulated with a principled policy that will respect and support the existence and integrity of states, inviolability of borders, noninvolvement in the domestic affairs of neighboring countries, and contempt for all activities that question states' existence or border stability. He added that a significant factor in this direction is multifaceted communication, open ways of coordination, and respect for CSCE and UN resolutions.

Asked if he had discussed the issues that currently concern the two countries, Konstandopoulos said: "The problems are being discussed by the governments and the diplomats. Besides, we did not come here to find solutions."

On his part, Crvenkovsky, who according to Konstandopoulos accepted his proposal unreservedly because he also supports direct talks on all issues, told reporters: "Konstandopoulos and I talked about what we need to do—that is, hold direct bilateral talks and create conditions for communication at all levels, among political parties, organizations and so on, and also to create conditions for direct meetings between citizens to get to know each other better." He added: "Direct meetings between citizens can help to create a positive climate and that would have a great influence on the overall bilateral relations."

Both Crvenkovsky and Konstandopoulos described their meeting as positive and crucial and said that similar meetings must continue in the future. [passage omitted]

Djaferi Views Opening of Albanian University

AU2012130094 Skopje NOVA MAKEDONIJA in Macedonian 19 Dec 94 p 2

[Report by P. Djambazoski, A. Damovski, I. Stojkovski: "The Leaders and Ministers Signed the Document"]

[FBIS Translated Text] "The university in the Albanian language in Tetovo," as the initiators call it, was proclaimed opened yesterday, in the early morning hours, some time after midnight. The event took place in the offices of the Party for Democratic Prosperity [PDP] in Tetovo, where representatives of all political parties of the Albanians, including nearly all members of parliament and ministers, signed the founding act of the "university." At around 2 AM, the police detained several members of the initiative board and some other persons.

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A great number of domestic and foreign journalists were informed about this at a news conference organized in the offices of the PDP wing, where the president of the "patriots" Arben Djaferi spoke about the main details of the event.

At all the entrances to and in the town of Tetovo there could be seen members of the special police that were also securing the town Assembly where it was announced that the proclamation of the opening of the "university" would take place in the afternoon. There was great tension and anxiety in Tetovo. The usually full market was almost empty yesterday.

The most critical moment was the close encounter that occurred midday in front of the building of the Communal Assembly. At the scheduled time, although the opening was previously proclaimed, a delegation of the "patriots," of the NDP [People's Democratic Party], and the Albanian Women's Organization arrived at the Assembly, while only delegate Sefedin Haruni of the PDP was present. The former PDP president Nevzat Halili was particularly loud, and he is today leading a new political party—PDP-National Unity. They had a 200-strong crowd behind them, which loudly applauded statements of a solemn character. Members and activists of the Democratic Party of Macedonia from Tetovo could also be seen, headed by President Tomislav Stojanovski, who were protesting. Very soon there arrived members of the special police in addition to a number of other policemen who were already there. After they had gathered in front of the Assembly building, the president of the "patriots" Arben Djaferi called upon the Albanian citizens to disperse and to follow him to the market. There, the deputy president of the "patriots," Menduh Taci said that "no such force exists that can prevent the 'university' from starting." "That is why I call you to disperse quietly, and all the rest will be done by the people from the university. Separate in smaller groups and depart in peace and dignity." That is exactly what happened. The police remained at all important points in the town.

Unification of Political Subjects

The most active political party regarding the initiative, that is the "patriots" that form the PDP wing, held a news conference in its headquarters. President Arben Djaferi explained that they are using the party offices because the police had threatened the founding council. He announced the arrival of the board's president, Fadil Sulejmani. In the meantime, Djaferi delivered a speech in which he emphasized perhaps the most important statement—that all the political subjects of the Albanians in Macedonia had united. "There are no great differences, except personal ones, there is one program even as far as the "PDP and Aliti" are involved. The initiative leads us to a unity that has to result in the formation of a coordinating board that will be of benefit to all parties, in creating a clear position and platform." Djaferi disclosed some details—the "university" has already been opened and the police, although very active, demonstrated that it was incapable of solving the problems of a society, let alone prevent the "will of the people." He informed the journalists that the police had broken into the local TV-ART station, detaining the manager and editor of the program, and stopping the broadcast. "The matter about the opening of the 'university' has been completed," Djaferi said, "and there are two options now: Either the 'university' will be included in the educational system of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia], as had been anticipated, or it will work parallel, but in any case," he emphasized, "the dialogue with the authorities should continue, because," as he said, "there is time enough for its inclusion." Djaferi rejected any comparison with Pristina University and with the conditions in Kosovo, emphasizing that unlike Kosovo, they are asking to include the university in the educational system of Macedonia, and he also expressed his belief that the Tetovo "university" would get international support.

Without the Macedonian Flag

As had been announced, the president of the founding council, Fadil Sulejmani, came to the news conference, entering the offices of the "patriots" with the words "congratulations to our university in the Albanian language." In his opinion the "university" is an institution for the benefit and development of the culture of the Albanians and of all the "nations in Macedonia," and the Albanians should not be the only ones to rejoice in its foundation. "Our wish is to leave peace and democracy for the young generations in the state. Unfortunately, a number of the members of the authority do not wish the citizens of Macedonia happiness and this small group will soon be discovered." Sulejmani emphasized that the "other nations" should not fear the initiators and the "university," because the "Albanians have been present here for years and they want to live alongside others in Macedonia in a common homeland." He repeated the details regarding the act of the opening of the "university" emphasizing that also representatives of the communal assemblies of Tetovo, Gostivar, Debar, Struga, Skopje, and Kumanovo were present. After that, he read the decision on the foundation of the "university" only in the Albanian language, according to which its name is "University in Tetovo," saying that it would be financed from the budget of the Republic of Macedonia and by donations, underlining that the studies would be performed in conformity with the curriculum of Skopje and Bitola universities. He explained that he could not come to the building of the communal assembly because he was "too busy" and that he did not want to "irritate" the police.

Asked by the journalists why there was no state flag of the Republic of Macedonia beside the flag of the party and of the Republic of Albania at the news conference, the president of the "patriots" Arben Djaferi replied that

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it would be "proudly displayed after the political subjects of the Albanians had agreed with the Macedonian authority on the question concerning the opening of the university in Tetovo."

The news conference in Tetovo yesterday ended all public activities. The PDP remained closed to journalists throughout the day—it was only confirmed that the act of the opening took place in their offices, but they said that they did not want to use the event for propaganda purposes and that they did not support the "street parade."

Frckovski Comments

AU2012125894 Skopje NOVA MAKEDONIJA in Macedonian 19 Dec 94 p 2

[Statement by Ljubomir Frckovski, Minister of the Interior: "The University Is a Stillborn Child"]

[FBIS Translated Text] "Since the very beginning, the whole initiative has contained no educational dimension, but represents a political action arranged to replace a defeated political action launched by neighboring Albania a year ago. Namely, this is another attempt to integrate the political parties of the Albanians in Macedonia [The Former Yugoslav Republic of Macedonia] and to utilize them in order to reach a common solution for the Albanian question in the region. It failed once, because the party of the Albanians it faced in Macedonia was truly independent. The experience of that time was of great importance. What is going on now is actually the same or a similar political action that has used such a breeding ground as education. The goal is to create an umbrella or a so-called nerve-center, which will abate the boundaries between the political parties of the Albanians in Macedonia and form a movement or a so-called democratic community of the Albanians in Macedonia. This community, according to them, should overcome the divisions among the parties that believe that all this is actually a result of an exterior pressure or a division that has been artificially created by the Macedonian authorities. The mentality of the leaders of this idea has shown their backwardness or, metaphorically speaking, the syndrome of unlicensed construction. The background to the discussion about the university is actually a naive lie intended to disguise the essence of a political action. Such a university, which, by the way, reminds me of birthday parties and happenings in 1967, when free universities were formed in communes, will certainly not come to life. It has been a stillborn child from the very beginning. However, the political aspect of the initiative will come to light only if the politicians in power show their weakness and allow a movement to impose on them."

Sulejmani's Views

AU2012125294 Skopje NOVA MAKEDONIJA in Macedonian 18 Dec 94 p 1

[Unattributed report: "The 'University' Opened In Secret"]

[FBIS Translated Text] Early yesterday, a decision was signed in the headquarters of the PDP [Party for Democratic Prosperity] for opening a university in the Albanian language in Tetovo. The president of the founding council for opening the "university" Fadil Sulejmani gave this information at yesterday's news conference, emphasizing the fact that this decision was signed by all Albanian political parties in Macedonia, by all the Albanian members of the Assembly, as well as by the Albanian ministers, and by a number of minister candidates for the new government. The information was not denied in the PDP headquarters, but we could not obtain any further information.

In the headquarters of Arben Djaferi's PDP wing, we were informed about the police's midnight actions in which a number of persons that were connected to the initiative on the "university" were detained, as well as a number of journalists, party activists, and lawyers. Yesterday, it was very critical when representatives of several political parties of Albanians in Macedonia [The Former Yugoslav Republic of Macedonia] came to the building of the Communal Assembly at midday, where it was planned to have a celebration for the opening of the "university." Despite the fact that there were numerous police forces, about 200 Tetovo citizens came, abandoning the place upon the call of the leader of the "patriots," Arben Djaferi. At the aforementioned news conference, Arben Djaferi stated that "all the political parties of the Albanians in Macedonia are united on the project for a university in Tetovo, and that is a very important moment." As for Fadil Sulejmani, he said that the decision on opening a "university" in Tetovo was for the "benefit of all the nations in Macedonia." On the other side, the Macedonians in Tetovo and their representatives were unquestionably worried by the latest events related to the "university case."

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Federal

Sarajevo Airlift Reestablished; Aid to Country

LD2012130094 Belgrade TANJUG in English 1229 GMT 20 Dec 94

["Pool" item]

[FBIS Transcribed Text] Geneva, Dec. 20 (TANJUG)—United Nations High Commissioner for Refugees (UNHCR) spokesman Silvana Foa said three planes with food and medicine would land at Sarajevo airport Tuesday afternoon.

This will reestablish the airlift which was suspended on Nov. 21, she said.

About 11,000 planes have landed at Sarajevo airport since July 3, 1992, bringing a total of 138,000 tonnes of food and medicine and other humanitarian goods, Foa said.

Foa said about 250 tonnes of humanitarian goods were also expected to arrive in Sarajevo next week by land. This is not reliable, however, because of the snow and ice even if the situation becomes relatively stable, she said.

Our only hope is the air bridge which is fortunately being reestablished after the talks between former U.S. President Jimmy Carter and Bosnian Serb president Radovan Karadzic in the Bosnian Serb capital of Pale on Monday, Foa said.

The situation in Sarajevo is very difficult, Foa said. There are shortages of food and fuel, which mostly affect the elderly who roam the streets in search of any piece of wood with which to heat their homes, Foa said.

Jovanovic Cables UN: Turkey's Embargo Violations

LD2012150794 Belgrade TANJUG Domestic Service in Serbo-Croatian 1415 GMT 20 Dec 94

[FBIS Translated Text] Belgrade, 20 Dec (TANJUG)—Vladislav Jovanovic, the federal foreign minister, has sent a letter to UN Secretary General Butrus Butrus-Ghali in connection with the violation of the arms embargo against the Bosnian Muslims by Turkey, the Yugoslav Ministry of Foreign Affairs announced today.

The Yugoslav foreign minister drew attention to "the harmful attitude of Turkey in connection with the conflict in the former Bosnia-Herzegovina, which is seriously hampering efforts by the international community to find a peaceful, political, and just solution," the statement says.

Citing his letter to UN Secretary General Butrus-Ghali of 26 April this year in connection with holding the so-called international conference on the Balkans in Istanbul, Jovanovic recalled that at the time he noted that Turkey was having a negative impact on the development of the crisis by its unprincipled and biased involvement. "Because of this attitude, and the historical experiences with Turkey in this area, the Federal Republic of Yugoslavia, like some other countries in the region (Romania, Bulgaria, Greece) expressed in this connection its deep reservations and disagreement with the participation of Turkish troops in UNPROFOR [UN Protection Force] in the former Bosnia-Herzegovina," the letter says.

Jovanovic also pointed out that public statements by General Dogan Gures, the former chief of general staff of the Turkish Army, and Turkish Defense Minister Mehmet Golhan about "the arms deliveries to the Muslim side, are clear fresh evidence that Turkey has openly sided with one party in the Bosnian civil war, thus brutally violating UN Security Council Resolution No. 713 on the arms embargo," the statement says.

"By acting in this way, Turkey encourages those who advocate the war option, and it works against the efforts of the United Nations and the international community that are aimed at restoring peace in the former Bosnia-Herzegovina".

Minister Jovanovic requested that the United Nations condemn Turkey, and said that by doing this, Turkey had disqualified itself in the eyes of the international community from contributing troops to UNPROFOR in the former Bosnia-Herzegovina. The question inevitably arises as to whether Turkey should remain a member of the coordination committee of the conference on former Yugoslavia, the statement says in conclusion.

Kontic: 'Main Goal' Is Political End to Crisis

LD2012185794 Belgrade TANJUG in English 1824 GMT 20 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 20 (TANJUG)—Yugoslav Prime Minister Radoje Kontic said Tuesday that Yugoslavia's main goal was that the crisis in the former Yugoslavia be resolved by political means.

Talking to students of the Mathematics Secondary School in Belgrade, Kontic said that the country's primary aim was to ensure peace in the region for the young people.

Kontic said that "we are at a turning-point" in resolving the crisis in the former Yugoslavia and that he believed this would be achieved by peaceful, political means "and not through options today advocated by some European powers."

Kontic said that the European powers that favor peace and peaceful resolution to the crisis in the former Yugoslavia are getting stronger and that the resolution to the crisis could be expected soon.

Kontic praised the admittance of the Mathematics Secondary School to the European Council of Special Abilities.

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He described it as an accomplishment worth admiring, achieved at the time of Yugoslavia's complete isolation, when under the United Nations Security Council resolutions the communications with Yugoslavia were banned in education, culture, science and other fields.

The UN Security Council imposed the comprehensive and mandatory sanctions on Yugoslavia in May 1992, alleging the Yugoslav involvement in the civil war in Bosnia-Herzegovina.

Economic Sanctions Used as 'Political Weapon'

LD1912233094 Belgrade TANJUG in English 2314 GMT 19 Dec 94

[FBIS Transcribed Text] London, Dec. 19 (TANJUG)—Serbia's legislature deputy Dusan Matkovic said Monday sanctions against Yugoslavia showed that the international community turned economy into a political weapon against Yugoslavia.

Matkovic made this comment in talks with British parliamentarians in London. He said it was paradoxical that countries, which were committed the most to human rights, had deprived Yugoslav workers of the right to work, one of the basic human rights and thereby threatening their existence.

Matkovic, who is the general manager of Serbia's biggest iron and steel industry concern started in 1913, said the Yugoslav economy was not the only one to have been gravely affected by the sanctions.

He said the sanctions also affected world's industrial equipment manufacturers, which had been major exporters to Yugoslavia.

British parliamentarians agreed that it was necessary to further ease sanctions against Yugoslavia as soon as possible.

The UN Security Council imposed comprehensive sanctions against Yugoslavia on May 30, 1992. The UN Security Council in October suspended selected sanctions against Yugoslavia in the area of air and sea travel, sports and culture for a 100-day period.

Lilic Receives al-Qadhdhafi's Envoy From Libya

LD2012150694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1246 GMT 20 Dec 94

[FBIS Translated Excerpt] Belgrade, 20 December (TANJUG)—Zoran Lilic, president of the Federal Republic of Yugoslavia [FRY], has received 'Ali Tikri, the special envoy of Libyan President Colonel Mu'ammar al-Qadhdhafi.

The FRY president's office has announced that Tikri handed a message from Col. Qadhdhafi to President Lilic.

Both sides stated that the most pressing problem of the crisis in the area of the former Yugoslavia—the war in the former Bosnia-Herzegovina—can be resolved only by peaceful means. There is no other road to a just and lasting peace in this former Yugoslav republic than negotiations between the sides in the conflict. It is the joint position that direct negotiations between the Serb and Muslim sides is the most effective way to reach an agreement on the conditions and modes of a future state setup and mutual relations.

President Lilic stressed that the FRY had accepted the Contact Group plan precisely for the following reason: It creates room for direct negotiations between the interested sides and above all contributes to the creation of conditions for ending the bloodshed.

In light of the latest events in the former Bosnia-Herzegovina, and around it, and diplomatic moves in this connection, President Lilic repeated the FRY standpoint that the attempts by some international factors to extend the conditions for the lifting of sanctions against the FRY are unacceptable and in no way in keeping with the relevant resolutions of the UN Security Council.

Any delay in lifting sanctions or worse still, new and trumped up conditions, will only be further encouragement to the extremist forces on all sides and move the whole region further away from this so much needed and desired peace, Lilic stressed. [passage omitted]

During the meeting between Lilic and Col. Qadhdhafi's special envoy Tikri, it was assessed on both sides that the otherwise good relations between the two countries, are, after the visit by President Lilic to the Libyan Jamahiriyah, very much on an upward trend, the statement from the FRY president's office says.

National Bank Governor States Recovery Measures

LD2012125294 Belgrade TANJUG in English 1137 GMT 20 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 20 (TANJUG)—Yugoslav National Bank Governor Dragoslav Avramovic Monday [29 December] evening announced new measures for the country's economic recovery.

The objective of these measures, agreed at the level of the Serbian and Montenegrin presidents and premiers, is the preservation of the stability of the national currency, price increase control and control of banks.

The implementation of the present economic program, whose author is Professor Avramovic, began on Jan. 24 this year.

The program pegged the dinar to the German Mark in a 1:1 ratio and reduced the world record hyperinflation in December 1993 to close to zero in the first months of this year.

Avramovic said the new agreement included two groups of actions of ten economic measures each.

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The first measure is to establish a balance in the federal and republican budgets, Avramovic said, explaining that the balance did not call for any financing of the budget by the National Bank.

Avramovic also announced a restrictive monetary policy aimed at maintaining the money mass at the present, December, level.

'Credits will be given to the amount incoming from payments on old credits, without increasing the money mass,' Avramovic said.

The governor said savings in the national currency, which are practically non-existent, would be encouraged because it was necessary 'for investments and to divert money from Agio.'

One of the measures in the economic package, Avramovic said, is to preserve the policy of the free forming of prices in order to secure a regular supply of the market.

In parallel, a law on anti-monopolistic behavior will be adopted in an emergency procedure, avramovic said. The law will prevent and punish cases of deliberate, agreed price increases in the areas of both goods and services.

Serbia

Former President Carter Arrives in Belgrade

AU2012203194 Paris AFP in English 2009 GMT 20 Dec 94

[FBIS Transcribed Text] Belgrade, Dec 20 (AFP)—Former U.S. President Jimmy Carter arrived here late Tuesday for talks with Serbian President Slobodan Milosevic on the last leg of his mediation mission on the Bosnian crisis.

Carter set off for talks with Milosevic after arriving from Zagreb, where he made a stopover after talks in Bosnia with President Alija Izetbegovic and Bosnian Serb leader Radovan Karadzic.

Carter announced earlier Tuesday he had obtained a pledge from Karadzic for a four-month Bosnia-wide ceasefire to come into effect December 23.

Carter said on arrival in Belgrade that he would inform Milosevic "of what has occured in the last 24 hours in Bosnia and Herzegovina, and get his advice on future progress maybe towards peace" in the former Yugoslav republic.

Carter headed for the Serb presidency in the centre of the city, where the meeting with Milosevic was to take place.

The former president said he would leave Belgrade later Tuesday evening.

Carter Visits Pale for Cease-Fire Deal Response

LD2012125194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1200 GMT 20 Dec 94

[FBIS Translated Text] Belgrade, 20 Dec (TANJUG)—After a two-hour talk with Muslim leader Alija Izetbegovic, former U.S. President Jimmy Carter this morning again visited Pale, where he met with president of the Srpska republic, Radovan Karadzic.

Immediately before departure, Carter said that his unscheduled return to Pale was aimed at finding an agreement on an immediate four-month cease-fire.

Carter informed Karadzic that Izetbegovic had accepted the immediate cease-fire, and talks based on the Contact Group's peace plan. Karadzic's response is now awaited.

It appears that during the renewed talks in Pale, Carter intends to clarify the situation concerning the cease-fire agreement in light of the earlier confusion about it.

Carter said that Karadzic had promised to give a specific answer by 9 o'clock today on whether the Serb side will accept the four-month cease-fire. Agencies have reported that the former U.S. President decided to go to Pale to obtain an answer.

Milosevic's 'Advice' on Bosnia

AU2012213894 Belgrade Radio Beograd Network in Serbo-Croatian 2100 GMT 20 Dec 94

[FBIS Translated Text] Serbian President Slobodan Milosevic received in Belgrade this evening former U.S. President Jimmy Carter, who—in his role of mediator in the Bosnian conflict—arrived this evening from Zagreb to Belgrade.

It is expected that the talks between President Milosevic and Jimmy Carter will center on the search for a peaceful solution to the Bosnian crisis and the latest proposals by the Muslims and Serbs in Bosnia aimed at reaching that goal.

The statement that Jimmy Carter gave upon arriving in Belgrade has been recorded by Jelena Vidic:

[Begin Vidic recording] Expressing his satisfaction with being in Yugoslavia again, the country he first visited after Tito's death, Former U.S. President Jimmy Carter said:

[Carter, in English with superimposed Serbo-Croatian translation] We will give President Milosevic a report on what has been achieved over the last 24 hours in Bosnia-Herzegovina and hear his advice on the future progress of the peace process, we hope toward peace. We are leaving Belgrade this evening. Thank you very much. [end recording]

Visit Reflects U.S. Stance

AU2012215394 Belgrade Radio Beograd Network in Serbo-Croatian 2100 GMT 20 Dec 94

[FBIS Translated Text] The talks of Serbian President Slobodan Milosevic and former U.S. President Jimmy

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Carter ended shortly before 2200 [2100 GMT]. The talks were attended by Yugoslav Foreign Minister Vladislav Jovanovic. After the talks, President Milosevic and Jimmy Carter gave statements for the reporters. Welcoming the former U.S. President and his wife Rosalind, President Milosevic gave the following statement:

[Begin Milosevic recording] Over the last few days, there have been numerous different assessments worldwide of President Carter's visit to this region. Some of these are very negative, some noncommittally positive, however, my firm impression is that President Carter is here with only one objective—to sincerely contribute toward peace. His desire to sincerely contribute toward peace doubtlessly binds us to extend him a sincere welcome and I am extending a sincere welcome to him.

Among all this, I believe that we must establish as the most important thing the fact that President Carter's presence should not be judged by the private character of his visit. His presence doubtlessly expresses a determination for peace by the United States and President Clinton. This determination of the United States and its President to restore peace on these territories deserves our full support, and Serbia will strive to give its full contribution in this respect, just as so far.

I thank President Carter and his wife Rosalind for the visit and for the very open and thorough talks that we held regarding all significant issues for the Yugoslav crisis. [end recording]

Need for 'Complete Cease-Fire'

AU2012215794 Belgrade Radio Beograd Network in Serbo-Croatian 2100 GMT 20 Dec 94

[Statement by Former U.S. President Jimmy Carter following his talks with Serbian President Slobodan Milosevic in Belgrade on 20 December—recorded; Carter statement in English with superimposed Serbo-Croatian translation]

[FBIS Translated Text] It is good to be in Belgrade again after 14 years. We came here from Bosnia-Herzegovina, where we achieved an agreement that furthers the peace process. President Milosevic has expressed his conviction that his commitment to peace has full support, and that the peace process has to continue. We have to obtain a complete cease-fire soon, and the disarming of all the armed forces, and then we can continue to negotiate in good faith on the basis of the Contact Group peace plan, with the full respect for human rights and the release of prisoners of war, and both sides promised to do all these things several hours ago.

I hope, and this is my personal conviction, that as soon as all this is achieved there will be reason enough, and good reason for the [UN] Security Council to lift the economic sanctions, which—in my view—are punishing all the people. As soon as what has been signed is achieved in practice, and the Serb parliament reports on the results in good faith, I hope that all this will be achieved.

Belgrade-Pale 'Conflict' Entering 'New Phase'

AU2012212194 Belgrade POLITIKA in Serbo-Croatian 20 Dec 94 p 12

[Commentary by Djordje Martic]

[FBIS Translated Text] The conflict between Belgrade and Pale is entering a new phase. The acceptance of the Contact Group plan is still seen in Pale as a betrayal of national interests, while in Belgrade its non-acceptance is seen as an option of infinite war. Now the international elements and opposition parties in both conflicting centers are entering this heavy political clash.

Radovan Karadzic's invitation to Jimmy Carter to visit Bosnia obviously has no significant diplomatic weight, but it has significant political consequences on the region divided by the Drina River, particularly as it is happening at the time when Mount Igman is again becoming popular as an Olympic center for gatherings of the patriotic forces based in Belgrade. Just before the invitation to Carter, the Srpska republic was visited by Zoran Djindjic, leader of the Democratic Party, Dr. Vojislav Kostunica, leader of the Democratic Party of Serbia, and Tomislav Nikolic, second in command of the Serbian Radical Party, whose leader is "still away on business."

The travels of the Serbian opposition to Bosnia coincide with a trip by a Pale parliamentary delegation's trip to Belgrade with messages that are seen as the softening of the hardline attitude of the Bosnian Serb leadership.

And while Belgrade is thus gaining arguments that not only is peace supported by the many Serbs of military age who fled the fighting in Bosnia (these are the ones who respond to all the referendum "no-decisions" from across the Drina by continuing to ignore the calls to take up arms), but also by some of their political leaders, the patriotic alliance between Pale and the Serbian opposition has an opposite goal.

Carter's arrival in Pale, and the ties forged between some of the Serbian opposition and the Bosnian [Serb] leadership, accompanied by constant propaganda, can create the impression that the rejection of the Contact Group plan was justified. This impression is strengthened by the statements of some political travelers from Belgrade, who are trying to get a piece of the action before peace arrives. The statement by Biljana Plavsic during her talks with Vojislav Kostunica in Banja Luka to the effect that Serbia is not only not helping the Serbs across the Drina any more, but is also blocking humanitarian aid from third countries from reaching the Srpska republic has crudely highlighted this impression. A brutal game has kicked off in which fair play is of no importance.

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Regardless of the fact that both sides are making legitimate political moves, it is not unwise to warn of the consequences of a new twist. On the international sphere, the introduction of Carter into the game means practically that Belgrade is being thrown out of it, and ultimately this means that Karadzic is taking the position so far held by Slobodan Milosevic. This in turn means that the problem of the sanctions is pushed aside, since if Belgrade becomes unimportant, it is also unimportant that Serbia is left to crumble further in isolation. Crumbling away in isolation in turn leads to the increase in the dissatisfaction that the patriotic opposition strengthened in alliance with Karadzic will take upon itself to articulate. Pale has a fierce interest in creating a patriotic block of parties consisting of the Democratic Party, the Democratic Party of Serbia, the Serbian Radical Party, and the Serbian Democratic Party, which is now practically crossing into Sumadija with Karadzic. A part of the Serbian opposition is obviously trying to introduce Karadzic into the game in Serbia in order to use another strong man—after the failed attempts with Cosic and Panic—in a clash with Milosevic. Furthermore, on the two sides of the Drina, there are two groups of the same nation that are irreconcilably opposed in terms of ideology, with the attributes of two state communities. This is a complex situation that threatens potentially dangerous consequences since everything is very much beginning to resemble the times when the Drina River divided the region exactly 50 years ago.

If nothing more dramatic happens, everything indicates that the latest moves are not only leading to the strengthening of the Drina as the border, but even turning this river into a serious bastion, which becomes more impenetrable as the conflict between Belgrade and Pale becomes more severe. In the final analysis, however, what is happening is the insistence on the blockade on the Drina. Karadzic and a part of the Serbian opposition are aware of Milosevic's profit in the world gained through the lifting of the border ramps toward Bosnia. That is why they do not want to destroy the ramps, but bank the realized profits.

What is bothering one part of the public that is ready to criticize the authorities, but cannot agree with all the stupidities of the opposition, is the fact that nothing has changed in the political position of Pale over the last three years except that—instead of red Russian generals with Stalin in their hearts, and grotesque figures like Zhirinovskiy—now the dear guests are the leaders from Belgrade parties that claim that they are democratic.

These are the same leaders who are at the same time for the rejection of the Contact Group plan and for the lifting of the darkness [reference to electricity cuts] in Serbia, which has recently been turning thicker and coming "in groups" in Serbia. As if this darkness had nothing to do with the sanctions and the war in Bosnia-Herzegovina. It is hypocritical to separate the two issues, and therefore it would be much wiser if the "patriotic forces"—instead of criticizing the darkness in five groups—were to propose the division of Serbia into two groups: One group for those who are for the light, and another for those who would have us endure in the darkness until higher goals are achieved. That would be the fairest division, in which the "traitors" would not have to share the fate of the patriots. It is fair to leave the "traitors" out in the light so that everyone can see them. The choice between these two groups would also serve as the test for the mood of the citizens when it comes to the issue of peace.

Skoda Concern To Cooperate With Serbian Firms

LD2012173494 Belgrade TANJUG in English 1549 GMT 20 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 20 (TANJUG)—The Czech Skoda Concern on Tuesday informed the Serbian Government that it was ready to resume the for years successful cooperation with Serbian partners.

A Serbian Government statement said Skoda expressed readiness to resume cooperation with the Serbian power industry and other companies.

The official statement said the readiness was expressed in talks held by Serbian Premier Mirko Marjanovic with Skoda Concern Director-General Lubomil Soudek and Skoda Trading Director Vito Zemenek.

The statement said the two sides had agreed as soon as possible to start work on the reconstruction of thermo-electric power plants 20 or more years old in Serbia's southern province of Kosovo and Metohija and other parts of the Yugoslav republic.

The statement said Skoda's deliveries of equipment and parts for other power industry facilities in Serbia had also been agreed.

It said the programme of cooperation envisaged also the completion of a large thermo-electric power plant 50 km or so southwest of Belgrade.

The statement said the completion of the plant would involve complex forms of industrial cooperation and major capital investments, so that the two sides would have to wait for the international sanctions against Yugoslavia to be lifted.

The United Nations Security Council imposed comprehensive mandatory sanctions on the Yugoslav Federation of Serbia and Montenegro in late May 1992.

The Serbian Government statement said the Skoda concern was ready to aid also the reconstruction of the trolley bus and streetcar city transport and the development of Belgrade's commuter rail system.

The statement said Premier Marjanovic had given support to the proposals for intensive long-term cooperation between the Skoda concern and Serbian partners.

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It said Marjanovic had especially upheld the orientation of having the deals paid for mostly with exports of Serbian products and of engaging Serbian partners in the greatest possible degree.

Montenegro

Opposition Wants Seselj's Expulsion Investigated

LD2012132994 Belgrade TANJUG Domestic Service in Serbo-Croatian 1132 GMT 20 Dec 94

[FBIS Translated Excerpt] Podgorica, 20 Dec (TANJUG)—Deputies of three Montenegrin opposition parliamentary parties today lodged a formal proposal that the Assembly launch proceedings to establish whether Momir Bulatovic, the president of Montenegro, violated the republic's Constitution by his personal decision during the summer to expel Dr. Vojislav Seselj [from Montenegro].

This proposal is to be considered at a session of the Montenegrin parliament on 28 December.

In the preamble to the proposal, which has been signed by 33 deputies of the People's Party (NS), the Liberal Alliance (LS), and the Serbian Radical Party (SRS), the following statement by Bulatovic is cited: "I took the decision to act in this way personally, but the point of departure for expelling him is contained in the Law on Internal Affairs of Montenegro....."

It is said that the expulsion was carried out in such a way that "the Perast Villa, where Seselj was staying with his retinue, was invaded by a large group of armed members of the Ministry of Internal Affairs of Montenegro, and Seselj and other people were forcibly ejected from Montenegrin territory." As a result of these facts, according to the preamble of the NS, LS, and SRS deputies, it is evident that "the president of the Republic adopted a decision which overstepped the authority granted him by the Constitution and violated Articles 88 and 28, which guarantee freedom of movement and abode." [passage omitted]

Kosovo

Savovic: Kosovo Internal Affair of Serbia, FRY

LD2012152494 Belgrade TANJUG in English 1444 GMT 20 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 20 (TANJUG)—Serbia's province of Kosovo and Metohija is an internal question of Serbia and Yugoslavia, Yugoslav Minister Margit Savovic said on Tuesday.

She said lifting of the U.N. sanctions against the Federal Republic of Yugoslavia [FRY] could not be made conditional on solutions to the problems existing there.

Savovic on Tuesday met with official of the Swedish trans-national fund Jan Oberg, who handed her a revised text of a proposal for establishing U.N. in the southern Serbian province, to include also Serbian and ethnic Albanian representatives.

Oberg said such a solution would not undermine the sovereignty of the Federal Republic of Yugoslavia.

Savovic, however, presented some different views on the problem, a government statement said. The Yugoslav Government is prepared to open a dialogue with ethnic Albanians if they—as citizens of Serbia and Yugoslavia who enjoy equal rights—decide to be loyal to the state they live in, the government statement said.

Savovic said there was no need for a third party to be present at talks with representatives of the Albanian minority and said that the international community would do much by refraining from stirring up hope among Kosovo separatists that a secesion of that part of Serbia was possible.

A strong separatist movement has been active in Kosovo and Metohija for the past several decades, advocating a secession of the province from Serbia and Yugoslavia and its annexation to neighboring Albania.

Ethnic Albanians have even formed illegal organs of a self-styled 'republic of Kosovo.'

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